Registration No. 333-

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

Confidential Draft Submission No. 2

FORM S-1

REGISTRATION STATEMENT
under the Securities Act of 1933

Anebulo Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**2834**	**85-1170950**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Number)	(I.R.S. Employer Identification No.)

Anebulo Pharmaceuticals, Inc.
1415 Ranch Road 620 South, Suite 201
Lakeway, Texas 78734
(512) 598-0931
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Daniel Schneeberger, M.D.
Chief Executive Officer
Anebulo Pharmaceuticals, Inc.
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

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 [X]	Smaller Reporting Company [X] Emerging Growth Company [X]

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 7(a)(2)(B) of the Securities Act. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[1][2]	Amount of Registration Fee[3]
Common Stock, par value $0.001 per share	$	$

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase to cover over-allotments, if any.
(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale of these securities is not permitted.

SUBJECT TO COMPLETION, DATED , 2021

PRELIMINARY PROSPECTUS

Shares

ANEBULO PHARMACEUTICALS

Anebulo Pharmaceuticals, Inc.

Common Stock

This is the initial public offering of common stock of Anebulo Pharmaceuticals, Inc. We are offering shares of our common stock. Prior to this offering, no public market has existed for our common stock. We anticipate that the initial public offering price will be between $ and $ per share of common stock. We intend to apply to list our common stock for trading on The Nasdaq Capital Market under the symbol "ANEB."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 14 of this prospectus to read about factors you should consider before buying shares of our common stock.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[1]	$	$
Proceeds, before expenses, to us	$	$

(1) In addition, we have agreed to reimburse the underwriters for certain expenses. Please see the section of this prospectus entitled "Underwriting" for additional information regarding underwriters' compensation.

We have granted the underwriters an option to purchase up to additional shares of common stock from us at the initial public offering price less underwriting discounts and commissions to cover over-allotments, if any. The underwriters can exercise this option within 30 days after the date of this prospectus.

We are an "emerging growth company" as defined under U.S. federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements after this offering.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our common stock to purchasers on or about , 2021, subject to customary closing conditions.

The Benchmark Company

The date of this prospectus is , 2021.

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About this Prospectus

Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering, or possession or distribution of this prospectus, in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States. See "Underwriting."

Unless otherwise indicated, information in this prospectus concerning economic conditions, our industry, our markets and our competitive position is based on a variety of sources, including information from third-party industry analysts and publications and our own estimates and research. Some of the industry and market data contained in this prospectus are based on third-party industry publications. This information involves a number of assumptions, estimates and limitations. The sources of the third-party industry publications referred to in this prospectus are:

- The United States Census Bureau; and
- The Nationwide Emergency Department Sample ("NEDS").

The industry publications, surveys and forecasts and other public information generally indicate or suggest that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. None of the third-party industry publications used in this prospectus were prepared on our behalf. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications.

"Anebulo" and other registered or common law trade names, trademarks, or service marks of Anebulo Pharmaceuticals, Inc. appearing in this prospectus are the property of Anebulo Pharmaceuticals, Inc. This prospectus contains additional trade names, trademarks, and service marks of other companies that are the property of their respective owners. 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. Solely for convenience, our trademarks and trade names referred to in this prospectus appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extend under applicable law, our rights, or the right of the applicable licensor, to these trademarks and trade names.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus and does not contain all of the information that you should consider before investing in our common stock. Before investing in our common stock, you should read this entire prospectus carefully, including the information set forth under the sections "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes thereto, in each case included in this prospectus. Some of the statements in this prospectus constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements."

Unless the context requires otherwise, the words "we," "us," "our," "our company" and "our business" refer to Anebulo Pharmaceuticals, Inc., a Delaware corporation.

Our Company

We are a clinical-stage biotechnology company developing novel solutions for people suffering from cannabinoid overdose and substance addiction. Our lead product candidate, ANEB-001, is intended to reverse the negative effects of cannabinoid overdose within 1 hour of administration. The signs and symptoms of cannabinoid overdose range from profound sedation to anxiety and panic to psychosis with hallucinations. There is no approved medical treatment currently available to specifically alleviate the symptoms of cannabinoid overdose. If approved by the U.S. Food and Drug Administration (the "FDA"), we believe ANEB-001 has the potential to be the first FDA approved treatment of its kind on the market for reversing the effects of tetrahydrocannabinol ("THC"), the principal psychoactive constituent of cannabis. Clinical

trials completed to date have shown that ANEB-001 is rapidly absorbed, well tolerated and leads to weight loss, an effect that is consistent with central cannabinoid receptor type 1 ("CB1") antagonism. We intend to launch a Phase 2 proof - of - concept trial for cannabinoid overdose in the fourth quarter of 2021.

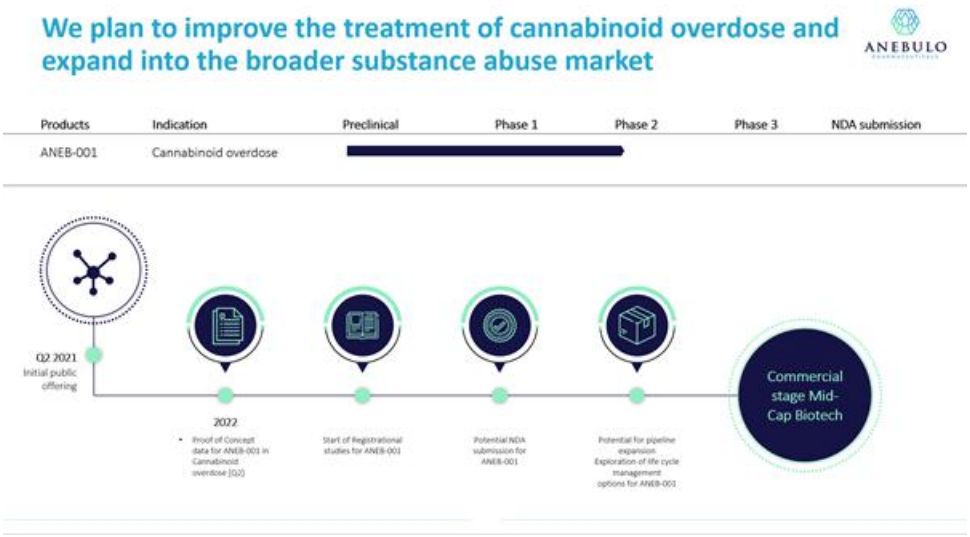
Cannabinoid overdoses have become a widespread health issue in the United States, particularly in the increasing number of states that have legalized cannabis for personal and recreational use. In recent years, hospital emergency rooms across the United States have seen a dramatic increase in patient visits with cannabis-related conditions. Before the legalization of cannabis, an estimated 450,000 patients visited hospital emergency rooms 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 hospitalizations grew to 1.74 million patients in 2018 and was growing at an approximately 15% compounded annual growth rate between 2012 and 2018. We believe the number of cannabis-related hospitalizations and other health problems associated with cannabinoid overdoses 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 cannabinoid overdose.

The ingestion of large quantities of tetrahydrocannabinol is a major cause of cannabinoid overdose. Excessive ingestion of THC via edible products such as candies and brownies, and overdoses of synthetic cannabinoids (also known as "synthetics," "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. Individuals can use or consume cannabinoids in natural or unnatural formulations, orally or by inhalation, and intentionally and unintentionally, all of which can result in an overdose. Natural formulations include edibles and marijuana cigarettes and unnatural formulations include synthetics. Individuals consume cannabinoids orally by ingesting edibles or synthetics and by inhalation through smoking marijuana cigarettes or synthetics. Cannabinoids can also be ingested unintentionally through these same methods where, for example, children consume edibles by mistaking them for common consumer items like candy that would not otherwise contain THC. Symptoms of cannabinoid overdoses produced by edibles and synthetics can include psychosis, panic and anxiety, feelings of paranoia, agitation, hallucinations, nausea, vomiting, cardiac arrhythmias, seizures and death. Many of these symptoms can require emergency medical attention and can take hours to days to resolve depending on the particular product and amount ingested. Currently, there is no specific treatment to reverse cannabis overdose and physicians have to rely on supportive care, including benzodiazepines, and wait for the body to metabolize the THC or synthetic cannabinoid.

We were founded in April 2020, and in May 2020 we entered into an exclusive worldwide license agreement with Vernalis (R&D) Limited ("Vernalis"), a drug discovery subsidiary of Ligand Pharmaceuticals Incorporated, to develop and commercialize ANEB-001. Vernalis has been the sponsor of all prior preclinical and clinical studies. Since the in-licensing with Vernalis, we have assembled an executive team and started preparations for a Phase 2 proof-of-concept trial, including the synthesis of a new active pharmaceutical ingredient ("API"), and the development and filing of a clinical trial protocol with regulatory agencies in Europe. We are in the process of obtaining patents intended to cover our product, composition and methods of use that are important to the development of our business. We have filed two patent applications for various methods of use of the ANEB-001 compound and delivery systems, which applications are currently pending before the U.S. Patent and Trademark Office.

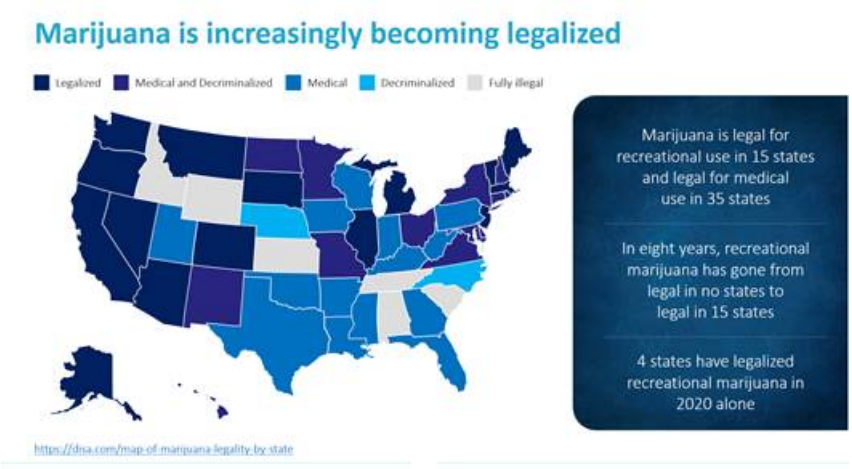
Our Lead Product Candidate

Our objective is to develop and commercialize new treatment options for patients suffering from cannabinoid overdose and addiction. Our lead product candidate is ANEB-001, a potent, small molecule cannabinoid receptor antagonist, designed to address the unmet medical need for a specific antidote for cannabinoid overdose. CB1 antagonists bind to the CB-1 receptor and thereby reverse the action of cannabinoids such as THC. ANEB-001 is an orally bioavailable, rapidly absorbed treatment that we anticipate will reverse the symptoms of cannabinoid overdoses, in most cases within 1 hour of administration. Phase 1 trials showed that ANEB-001 is rapidly absorbed, well tolerated and leads to weight loss, an effect that is consistent with central CB1 antagonism. We intend to commence starting a Phase 2 proof - of - concept trial for ANEB-001 in the fourth quarter of 2021. Our proprietary position in the treatment of cannabinoid overdose is protected by rights to two patent applications covering various methods of use of the compound and delivery systems.

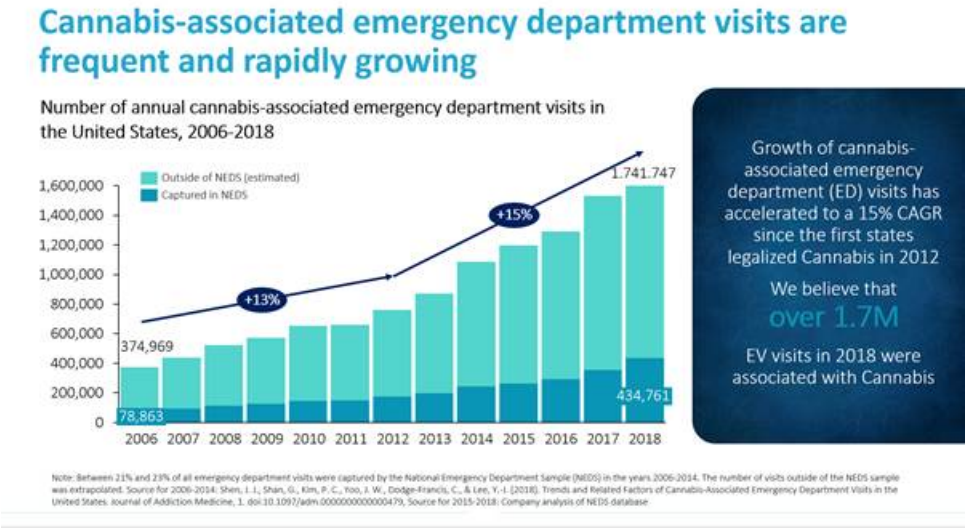


Our Market Opportunity

Cannabinoid overdoses have become a widespread health issue in the United States as an increasing number of states have legalized cannabis for personal and recreational use. As of December 31, 2020, cannabis was legal for recreational use in 15 states and legal for medical use in 35 states. Additionally, the Centers for Disease Control and Prevention and recent news reports have described how the stress, anxiety and depression from the prolonged stay-at-home conditions surrounding the Covid-19 pandemic appears to be resulting in excessive drug and cannabis use by individuals, whether in jurisdictions where such use is legal or not.



Cannabinoid overdoses frequently occur due to the ingestion of edibles, which can contain relatively large amounts of THC, and consumption of synthetics. Symptoms of cannabinoid overdoses produced by edibles and synthetics can include psychosis, panic and anxiety, feelings of paranoia, agitation, hallucinations, nausea, vomiting, cardiac arrhythmias, seizures and death. These symptoms can require emergency medical attention and can take hours to days to resolve. According to an article published in the Journal of Addiction Medicine that analyzed data from NEDS, an estimated 1.1 million emergency department visits were associated with cannabis in 2014. We have performed our own independent analysis of all currently available NEDS datasets and estimated that the number of cannabis-associated emergency department visits increased to 1.74 million patients in 2018. The number of cannabis-associated emergency department visits has grown at a 15% compounded annual growth rate from 2012 to 2018, which is when states first began legalizing recreational cannabis use.

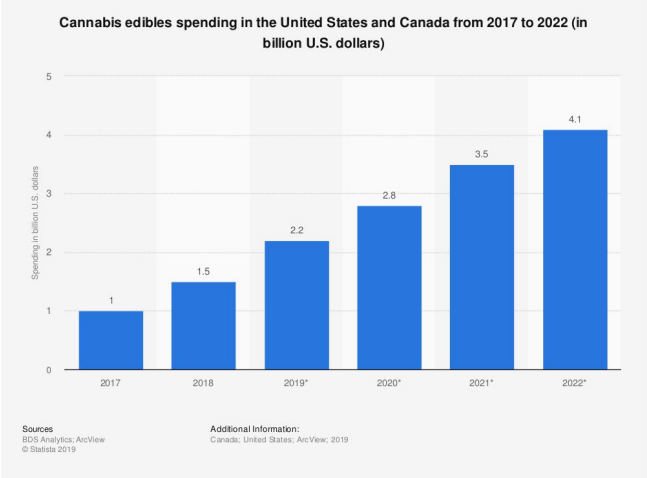


Source for 2006-2014: Shen, J. J., Shan, G., Kim, P. C., Yoo, J. W., Dodge-Francis, C., & Lee, Y.-J. (2018). Trends and Related Factors of Cannabis-Associated Emergency Department Visits in the United States. Journal of Addiction Medicine, 1. doi:10.1097/adm.0000000000000479, Source for 2015-2018: Company analysis of NEDS database.

We believe that both the number of cannabis-associated emergency department visits and the unmet medical need will continue to grow due to the increasing popularity of edibles. In THC-containing edibles, the median dose of THC can be many times more potent than the recommended safe dosage and as much as 8 times more potent than a rolled marijuana cigarette. Edibles are frequently manufactured as common consumer products, such as brownies, cookies, candies and gummy snacks with brightly-colored packaging. THC concentrations in edibles peak after a delay of about 2 to 4 hours from ingestion. This contrasts with smoking cannabis, which causes THC concentrations to peak in about 3 to 10 minutes from inhalation. Consumers are likely to approach edibles with the same serving size expectations as consumer products without THC. Moreover, children are particularly at risk for accidentally consuming edibles due to their brightly-colored packaging and formulation into candies and sweets. The confluence of these factors can be dangerous and increases the risk of cannabinoid overdose. Emergency department visits were 33 times more likely for edibles as compared with other routes of cannabis consumption, according to the recent article "Mental Health-related Emergency Department Visits Associated with Cannabis in Colorado," published in Academic Emergency Medicine (May 2018). Sales of edibles are rapidly growing, according to data collected by Statista, and are expected to continue growing for the foreseeable future.

In November 2020, we engaged a consultation and data services provider to conduct a survey of U.S. physicians concerning patient emergency room visits for cannabinoid overdoses within the past 12 months. Based on its survey of 27 emergency room physicians throughout the United States, the survey provider reported that the surveyed physicians saw on average 10.5 patients (a range of 2 to 45 patients) with cannabis intoxication per month. The survey asked these physicians to rank on a scale of 1 to 10 (i) the need for a cannabinoid antagonist to treat cannabis intoxication; (ii) the likelihood of their prescribing a cannabinoid antagonist that reverses cannabis intoxication within 30 minutes of administration; and (iii) the likelihood of such cannabinoid antagonist reducing the need for supportive medication to manage certain cannabis intoxication symptoms, such as agitation and acute psychosis. In response to these questions, the surveyed physicians ranked the need for a cannabinoid antagonist at an average of 7.52 out of 10, the likelihood of prescribing a cannabinoid antagonist that reverses cannabis intoxication within 30 minutes of administration at an average of 7.44 out of 10, and the likelihood of a specific cannabinoid antagonist reducing the need for supportive medication to manage certain cannabinoid overdose symptoms at an average of 7.48 out of 10.

We believe that the market opportunity for our lead product candidate, ANEB-001, will continue to expand and accelerate if additional states pass laws to legalize recreational cannabis use. On December 4, 2020, the U.S. House of Representatives voted in favor of a bill to decriminalize marijuana at the federal level by removing cannabis from the list of controlled substances under the Controlled Substances Act. Although it is currently uncertain whether this bill will be subsequently approved by the U.S. Senate and signed into law by the President, in the event the use of cannabis is legalized in the United States at the federal level, we believe that the greater anticipated number of users will significantly increase the potential need for our lead candidate.



We believe that overdose due to synthetic cannabinoids is an area with particularly high unmet medical need. Synthetics are among the fastest growing class of psychoactive drugs worldwide and can be as much as 85 times as potent as THC. Unlike edibles and other cannabis products, synthetics have low shipping weights and can more readily evade traditional drug screening methods. This likely reflects the structural promiscuity of the CB1 receptor. In addition, the negative effects of an overdose from synthetics can be longer lasting and more severe when compared with THC. These negative effects could include seizures, and even death.

Our Growth Strategy

Our goal is to create a therapeutic to treat the symptoms of cannabinoid overdose and substance addiction. As noted above, there are currently no FDA approved medical treatments on the market to specifically alleviate the negative psychological effects of cannabinoid overdose. The absence and growing unmet need for such a treatment gives us the unique opportunity to create a novel solution and become a leader in the cannabinoid treatment space. To achieve our goal, our strategy will be guided by the following principles:

- **Develop and commercialize our ANEB-001 antagonist in the United States.** We anticipate commencing our Phase 2 proof-of-concept study in the fourth quarter of 2021. We believe the data from this study may facilitate discussions of a regulatory path for ANEB-001 in the United States.

- **Explore strategic collaborations to commercialize ANEB-001.** Our plan is to widely commercialize ANEB-001. To accomplish this objective, we may partner with companies that possess a direct sales force and sales representatives.

- **Strive for capital efficiency in developing ANEB-001.** We aim to be capital efficient in our development of ANEB-001 by outsourcing our clinical research and data management. We anticipate this will lower our clinical development costs and improve our ability to efficiently commercialize ANEB-001 once approved by the FDA.

- **Introduce promising product candidate extensions.** We are in the initial stages of introducing a non-oral formulation of ANEB-001 that we intend to develop for the use in cannabinoid hyperemesis syndrome (CHS), which is a condition that can develop following long-term use of marijuana and is characterized by cyclical episodes of nausea and vomiting that are not usually responsive to standard care. We believe that antagonizing the paradox emetogenic action of THC at the receptor and helping patients abstain from THC represent the most promising and causal treatment for CHS.

- **Develop future product candidates to treat cannabinoid and substance-related addiction**. We intend to leverage our expertise in the endocannabinoid system to develop additional product candidates for the treatment of substance addiction. CB1 antagonists have been shown to be promising in treating substance-related addiction. We believe that there is a large and growing unmet medical need for new treatment options because of the opioid and methamphetamine epidemic.

Our Clinical Trials and Development Plan

We are developing ANEB-001 to quickly and effectively combat the symptoms of cannabinoid overdose. ANEB-001 is a competitive CB1 antagonist with a high affinity for the human CB1 receptor (0.6 nM). In vitro testing showed ANEB-001 had >1000x selectivity with the human CB1 receptor over all other tested receptors. 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.

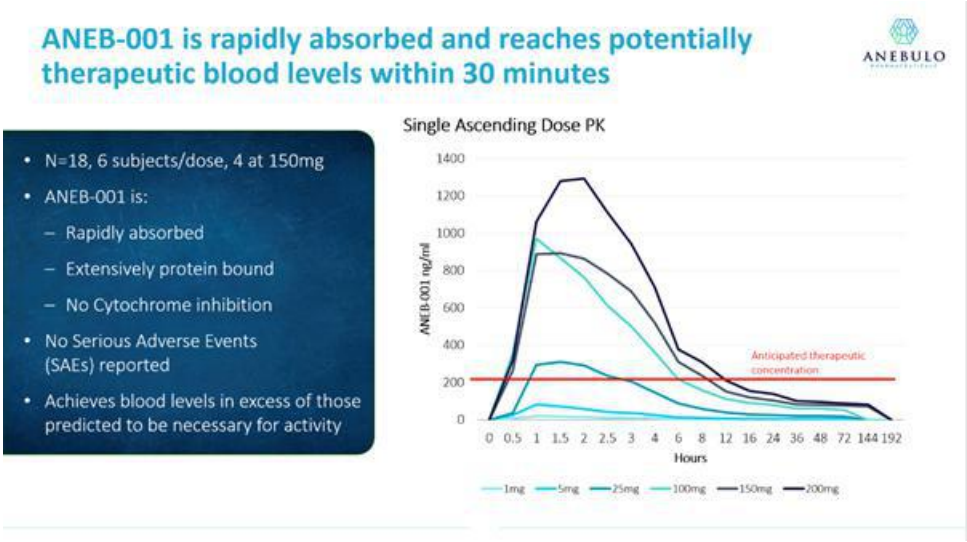
Phase 1a

The Phase 1a study *(V24343-1Ob-01)* administered single (Part A) and multiple (Part B) ascending doses of ANEB-001 for up to 14 days in otherwise healthy overweight and mildly obese subjects.

- Part A randomized 18 healthy volunteers to receive either a placebo (n=18) or two single oral doses of ANEB-001, with doses ranging from 1 mg to 200 mg. No severe adverse events were observed in either group in Part A. There was no difference between treatment groups in Part A in overall incidence, number of or severity of adverse events. Probable drug-related events in the treatment arm were nausea (22%), dizziness (11%), hiccups (8%), and decreased appetite (8%).

- Part B randomized 32 obese volunteers to receive either a placebo (8 obese volunteers) or 4 different doses of ANEB-001 for 14 days (24 obese volunteers). No severe adverse events were observed in either group in Part B, but an increased number of mild and moderate adverse events was observed in the obese volunteers who received the 2 higher dose arms (200/50 mg and 100 mg). The observed adverse events included nausea, vomiting, diarrhea, dizziness, hiccups, decreased appetite, hyperhidrosis and feeling hot. We believe these adverse events are "on-target," meaning they reflect CB1 antagonism, because these adverse events have also been observed with other CB1 antagonists.

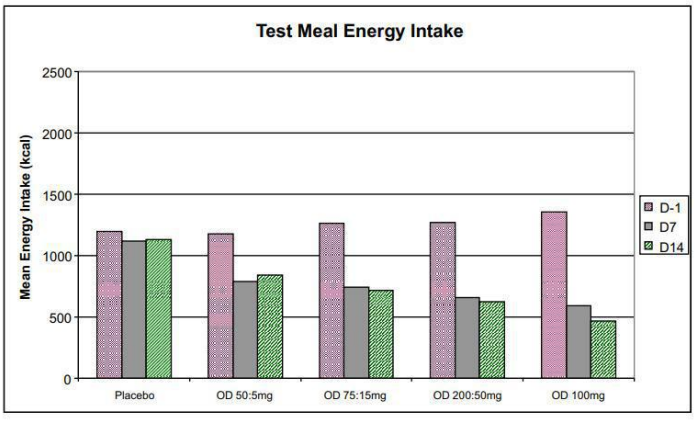
Pharmacokinetic measurements in Part A of the Phase 1a study demonstrated that ANEB-001 was rapidly absorbed by the body following oral administration and achieved blood concentrations anticipated to exceed those necessary to block the cannabinoid receptor (as indicated by the red line in the diagram below).



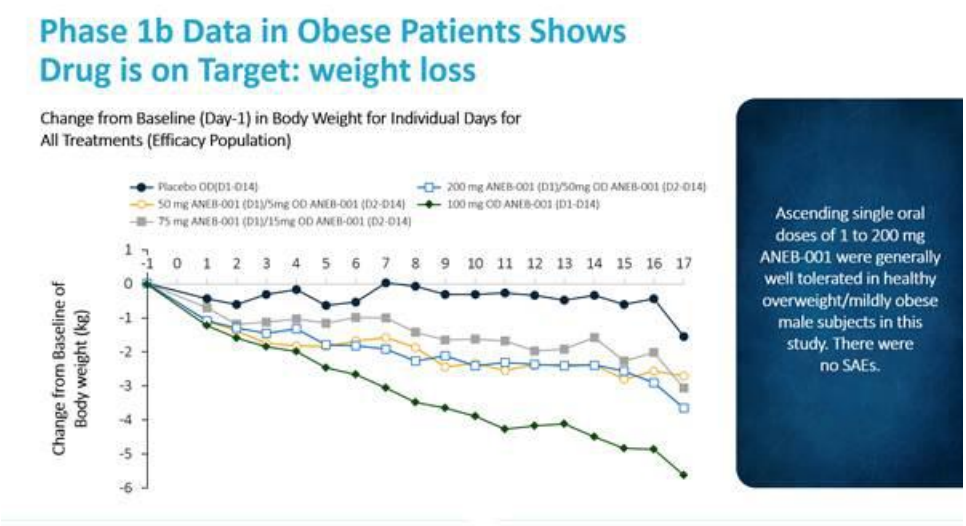
Vernalis also measured the impact of ANEB-001 on anxiety and depression in Part B of the Phase 1a study. Vernalis measured anxiety by using the Spielberger state score, a commonly used measure of trait and state anxiety. Vernalis found no significant impact on anxiety, except for the 200/50 mg arm, which showed increased anxiety at all assessment times. The change was driven by a single subject and may be explained by somatic adverse events, which contributed to the Spielberger score. For depression, HAMD21 was used and small increases were noted in the 75/15 mg and 200/50 mg dose, which we believe were likely driven by somatic symptoms.

Summarizing the results from the Phase 1a study, ANEB-001 doses between 1 mg and 150 mg were found to be very well tolerated in both single and multiple doses with an adverse events profile similar to the placebo. There was no observed effect on the cardiovascular system, ECGs, labs or physical exams and no significant effects on anxiety or depression scores.

With regard to pharmacodynamics, a marked reduction in test meal energy intake was seen even at the lowest dose level in Phase 1a Part B. Further, Vernalis observed statistically significant decreases in body weight indicating that ANEB-001 was able to cross the blood-brain barrier and antagonize central cannabinoid receptors.



Phase 1b



The Phase 1b study (V24343-1Ob-02) compared the pharmacokinetics of a single oral dose (1 to 200 mg) of ANEB-001 to subjects in fed and fasted states, and to subjects that were lean and overweight. There were no apparent differences in the tolerability of ANEB-001 between the subjects that were in fed and fasted states or subjects that were lean and overweight. Total AUC (or area under the curve) was approximately 30% higher in subjects in the fed state compared to the subjects in the fasted state, with similar systemic exposure for the lean and overweight subjects.

The results of the Phase 1 studies demonstrate that ANEB-001 was well-tolerated among healthy and obese subjects. There were no serious adverse events. The most commonly reported adverse event was gastrointestinal discomfort, which also occurred in subjects that were administered placebos. Based on the promising results of the Phase 1 studies, we believe ANEB-001 may offer the following clinical and product benefits:

- **Oral bioavailability.** ANEB-001 will be available as an oral treatment in the form of a pill, capsule or tablet.

- **Rapid absorption.** We believe ANEB-001 can rapidly reverse the signs and symptoms of cannabinoid overdose in as little as 1 hour.
- **Low likelihood of drug-to-drug interactions.** Preclinical testing demonstrated that ANEB-001 did not inhibit the metabolic enzymes cytochromes 1A2, 2C9, 2C19, 2D6 and 3A4 at pharmacologically relevant concentrations.
- **Better treatment option.** As an orally administered treatment tested to work in as little as 1 hour, ANEB-001 has the potential to be faster acting than intravenous (IV) treatments that may be developed by competitors. ANEB-001 has the potential to be the first treatment of its kind as there are no other treatments approved by the FDA currently available to specifically reverse the symptoms of cannabinoid overdose.
- **No serious adverse events.** A single dose of the drug is unlikely to produce adverse events associated with chronic dosing. The most commonly reported adverse effect in our Phase 1 study was gastrointestinal discomfort, which also occurred in subjects who were administered a placebo.

We plan to commence a Phase 2 proof - of - concept study in the fourth quarter of 2021 at a center in the Netherlands to test the efficacy of a single dose of ANEB-001 on a population of approximately 100 human subjects who have been administered 10 milligrams of THC that will then be randomized to receive a placebo, low dose, medium dose or high dose of ANEB-001. We anticipate completing the Phase 2 study within approximately six months after commencing the study and having data potentially available in the first half of 2022. We believe this study will lay the foundation for us to engage with the FDA and/or comparable foreign regulatory authorities, file an Investigational New Drug Application ("IND") with the FDA in the United States and conduct more extensive clinical trials with the goal of generating additional clinical data that will ultimately enable us to file a marketing application with the FDA.

We have engaged contract research organizations ("CROs") to assist us with conducting clinical trials and to provide us with consulting and development services in the various phases of the drug development process. We currently have a consultancy agreement with Traxeus Pharma Services Limited ("Traxeus"), pursuant to which Traxeus provides certain pharmaceutical development services and deliverables to us, including manufacturing and testing a demonstration batch of the drug substance and completing the formulation and process development for the drug product. We plan to continue to engage CROs like Traxeus and other pharmaceutical services providers to assist us with clinical trials, the development of our lead product candidate ANEB-001.

Exclusive Worldwide License Agreement

On May 26, 2020, we entered into an exclusive license agreement (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. In exchange for the exclusive license, we agreed to pay Vernalis a non-refundable signature fee, certain developmental milestone and sales milestone payments subject to maximum caps, and low to mid-single digit royalties on net sales.

Under the License Agreement, we have the sole discretion to carry out the development and commercialization of ANEB-001, including obtaining regulatory approvals. We have access to certain regulatory materials, including study reports from clinical and non-clinical trials. 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 ANEB-001 during the term of the License Agreement.

The License Agreement 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Private Placement and Recapitalization

On June 18, 2020, we received gross proceeds of $3.0 million from a private placement of our series A preferred stock (the "Private Placement"), convertible into 341,250 shares of our common stock, pursuant to the terms of a securities purchase agreement (the "Securities Purchase Agreement") with 22NW, LP, an institutional accredited investor affiliated with Aron R. English, who became a director of our company at such time. The series A preferred stock is convertible into shares of common stock automatically upon the closing of this offering. The conversion price of the series A preferred stock is $8.7912 per share. The conversion price is subject to adjustment if, at any time prior to conversion of the shares, we issue in a financing additional shares of common stock or other equity or equity-linked securities at a purchase, conversion or exercise price less than $8.7912 per share. In any such case, we have agreed to issue additional shares of series A preferred stock to the investors so that the effective purchase price per share in the Private Placement is reduced by a weighted-average anti-dilution percentage that takes into account both the lower per share purchase, conversion or exercise price and the number of such additional shares issued at the lower price. No adjustment will be made, however, in respect of shares of common stock or stock options issued to employees, directors or consultants, or in connection with acquisitions of other corporations or strategic collaborations approved by our board of directors.

As part of the Private Placement, 22NW, LP and Mr. English, individually, further agreed under the Securities Purchase Agreement to purchase upon the achievement of certain corporate events "milestone" warrants for $1.95754 per warrant (or $2,250,000 in the aggregate). The warrants are exercisable for cash for up to 1,149,401 shares of series A preferred stock at an exercise price of $10.11 per share or on a "net-exercise" basis into such lesser number of shares of series A preferred stock by surrendering a portion of the underlying warrant shares, based on the positive difference between the stated warrant exercise price and the initial public offering price per share in this offering, to pay the exercise price. The warrants must be purchased upon our achievement of (i) a filing with the FDA of an investigational new drug application or the making of an analogous regulatory filing in any foreign jurisdiction, whichever is earlier, and (ii) an arrangement by us to produce the API of ANEB-001 in amounts sufficient to facilitate the consummation of a trial pursuant to such regulatory filing. The milestone warrants may also be purchased at any time at the option of 22NW, LP and Mr. English.

The financial statements of our company in this prospectus do not reflect the conversion of our series A preferred stock or the sale of our milestone warrants. The effect of the transactions on the financial statements will be to increase our outstanding shares of common stock as a result of the conversion of all our outstanding series A preferred stock into shares of common stock automatically upon the closing of this offering and increase our cash by $2,250,000 from the proceeds of the sale of our milestone warrants, in each case, before giving effect to the closing of this offering. See "Capitalization," "Dilution" and "Certain Relationships and Related Transactions."

Selected Risks Associated with Our Business

Investing in our common stock involves a high degree of risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. These risks are discussed more fully in the section entitled "Risk Factors" immediately following this prospectus summary. Below are the principal factors that make an investment in our company speculative or risky:

- we are a biotechnology company with a limited operating history;
- we expect to incur significant losses and may never become profitable or be able to sustain profitability;
- the proceeds of this offering will only fund our operations for a limited time and we will need to raise additional capital to support our development and commercialization efforts;
- we have only one product candidate in process and are not currently focused on acquiring additional product candidates in the future;
- even if we receive regulatory approval for ANEB-001, we may not be able to successfully commercialize this product and the revenue that we generate from sales, if any, may be limited;
- our current pipeline program and future product candidates may not be successful;
- 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;
- failure to perform by third parties in the development and commercialization of our product candidates, including contract research organizations ("CROs") and contract manufacturing organizations ("CMOs"), could delay our ability to receive regulatory approval;
- although we may pursue an expedited regulatory approval pathway for ANEB-001, this product candidate may not qualify for expedited development, or if it does qualify for expedited development, it may not actually lead to a faster development or regulatory review or approval process;
- our reliance on a license from a third party in relation to our rights and development of ANEB-001;
- we depend on rights to certain pharmaceutical compounds that have been licensed to us and we do not control these pharmaceutical compounds and any loss of our rights to them could prevent us from selling our product if it is approved for marketing;
- we have two pending patent applications and no issued or granted patents covering ANEB-001 or other product candidates;
- if product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidate; and
- the continuing novel coronavirus pandemic (Covid-19) could adversely affect our business, as well as the businesses of the CROs and CMOs we engage to assist in the development and commercialization of our product candidates.

Implications of Being an "Emerging Growth Company"

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant 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-for-performance graph 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, or MD&A; and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §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 §107 of the JOBS Act. Please see "Risk Factors – "We are an 'emerging growth company.'"

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" under the Securities and Exchange Commission ("SEC") rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding 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 of 1933, as amended, 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 $1.07 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. Further, under current SEC rules 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.

Corporate Information and Incorporation

Anebulo Pharmaceuticals, Inc. was incorporated in the State of Delaware on April 23, 2020. Our principal executive offices are located at 1415 Ranch Road 620 South, Suite 201, Lakeway, Texas 78734, and our telephone number is (512) 598-0931. You may access our website at *www.anebulo.com.* Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

THE OFFERING

The summary below describes the principal terms of this offering. The "Description of Capital Stock" section of this prospectus contains a more detailed description of our common stock.

Common stock offered by us	shares.
Proposed initial public offering price	$ per share.
Underwriters' over-allotment option	We have granted the underwriters an option for a period of 30 days from the date of this prospectus to purchase up to an additional shares of our common stock from us at the initial public offering price less underwriting discounts and commissions to cover over-allotments, if any.
Common stock to be outstanding immediately after this offering	shares (or shares if the underwriters' option to purchase additional shares of our common stock from us is exercised in full).(1)
Use of proceeds	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $ million (or approximately $ million if the underwriters option to purchase additional shares of our common stock from us is exercised in full), based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering to make expenditures to fund proprietary research and development of our ANEB-001 product candidate and to support preclinical testing and clinical trials necessary for regulatory filings. A portion of the net proceeds of this offering may be used for the acquisition or licensing of complementary technologies, products or businesses. The net proceeds of this offering will also be available for working capital and other general corporate purposes, including enhancing our corporate infrastructure and systems to assist in creating a more robust means of tracking data, automating back office functions and improving our financial reporting system. See "Use of Proceeds."

Dividend policy	We have never declared or paid any cash dividends on our common stock. We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Accordingly, we do not expect to pay cash dividends on our common stock in the foreseeable future.
Risk factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed listing	We intend to apply to list our common stock on The Nasdaq Capital Market in connection with this offering.
Proposed Nasdaq trading symbol	"ANEB"(2)

(1) In this prospectus, except as otherwise indicated, the number of shares of our common stock that will be outstanding immediately after this offering and the other information based thereon:

- assumes an initial public offering price of $ per share of common stock, which is the midpoint of the estimated public offering price range set forth on the cover page of this prospectus;
- assumes the sale of our milestone warrants and the conversion of all our series A preferred stock into shares of common stock automatically upon the closing of this offering (see "Prospectus Summary – Private Placement and Recapitalization");
- excludes _____ shares of common stock reserved for issuance upon the exercise of outstanding stock options awarded to our non-employee directors in 2021, and _____ shares of common stock reserved for future issuance under our 2020 Stock Incentive Plan.
- no exercise by the underwriters of their option to purchase up to an additional shares of our common stock from us in this offering to cover over-allotments, if any.

(2) We have reserved the trading symbol "ANEB" in connection with our application to have our common stock listed for trading on The Nasdaq Capital Market.

SUMMARY FINANCIAL DATA

The following tables present our summary financial data. We derived the summary statement of operations data for the period from April 23, 2020 (inception) to June 30, 2020 and the balance sheet data as of June 30, 2020 from our audited financial statements included elsewhere in this prospectus. The summary statements of operations for the six months ended December 31, 2020 and the summary balance sheet data as of December 31, 2020 are derived from our interim financial statements included elsewhere in this prospectus. We have prepared the interim financial statements on the same basis as the audited financial statements and have included, in our opinion, all adjustments consisting only of normal recurring adjustments that we consider necessary for a fair statement of the financial information set forth in those statements. You should read the following summary financial data in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, related notes and other financial information included elsewhere in this prospectus. The summary financial data in this section is not intended to replace the financial statements included elsewhere in this prospectus and is qualified in its entirety by the financial statements, related notes and other financial information included elsewhere in this prospectus. Our historical results for any prior period are not necessarily indicative of our future results, and our operating results for the period from April 23, 2020 (inception) to June 30, 2020 and six months ended December 31, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2021 or any other interim periods or any future year or period.

	Six Months ended December 31, 2020	For the period from April 23, 2020 (inception) to June 30, 2020
Statement of Operations Data:		
Operating expenses:		
Research and development	$ 190,268	$ 150,000
General and administrative	386,649	23,351
Total operating expenses	576,917	173,351
Other expense:		
Interest expense	(8,066)	(1,286)
Loss before provision for income taxes	(584,983)	(174,637)
Income tax expense	-	-
Net loss	$ (584,983)	$ (174,637)
Weighted average common shares outstanding, basic and diluted	2,136,162	2,000,000
Net loss per share, basic and diluted	$ (0.27)	$ (0.09)

	December 31, 2020		
	Actual(1)	Pro Forma(2) (unaudited)	Pro Forma, as Adjusted(3) (unaudited)
Balance Sheet Data:			
Cash and cash equivalents	$ 2,480,003	$	$
Working capital	2,155,083		
Total assets	2,610,509		
Convertible preferred stock	2,975,752		
Total stockholders' equity (deficit)	(719,018)		

(1) Actual balance sheet data presents balance sheet data on an actual basis without any adjustments to reflect subsequent or anticipated events.

(2) Pro forma balance sheet data presents balance sheet data on a pro forma basis reflecting the receipt by us of the proceeds from the sale of our milestone warrants for a total of $2,250,000 before the closing of this offering, and the conversion of all our series A preferred stock into shares of common stock automatically upon the closing of this offering (the "Recapitalization"). See "Capitalization" and "Certain Relationships and Related Transactions."

(3) Pro forma, as adjusted balance sheet data presents balance sheet data on a pro forma, as adjusted basis reflecting the Recapitalization and the receipt by us of the net proceeds from the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and excluding the exercise of the underwriters' over-allotment option, as if each had occurred on December 31, 2020. See "Use of Proceeds."

RISK FACTORS

An investment in our common stock involves a high degree of risk. Prior to making a decision about investing in our common stock, you should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. The risks and uncertainties we have described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are not material may also affect our business, results of operations, financial condition or prospects. The occurrence of any of these known or unknown risks might cause the market price of our common stock to decline, and might cause you to lose all or part of your investment.

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 December 31, 2020, we have an accumulated deficit of $759,620. The likelihood of our future success must be considered in light of the expenses, difficulties, complications and delays often encountered in connection with the clinical trials that will be conducted and on the development of new solutions to common addictions. These potential challenges include, but are not limited to, 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 for the foreseeable future as we fund the 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 for the foreseeable future. In addition, we have no experience in commercializing drug products on our own and face a number of challenges with respect to 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 cannabinoid overdoses and treating patients experiencing overdose symptoms may reduce the demand for our product, if it develops;
- changes in the market for reversing cannabinoid overdoses and treating patients experiencing overdose 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 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 to 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.

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 following this offering, which may be unavailable to us or may cause dilution or place significant restrictions on our ability to operate.

For the foreseeable future, we may be unable to generate sufficient revenue or cash flow to fund our operations. We will need to seek additional equity or debt financing following this offering 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 this offering, we do not have any other 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 product or future candidates and other business. This may materially adversely affect our operations and financial condition as well as our ability to achieve business objectives and maintain competitiveness. Our inability to fund our business could thus lead to the loss of your investment.

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.

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 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 to grant licenses on terms that are not favorable to us.

We have no operating history as a publicly-traded company, and our inexperience could materially and adversely affect us and our stockholders.

We have no operating history as a publicly-traded company. Our board of directors and management team will have overall responsibility for our management. As a publicly-traded company, we will be 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.

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, and Centre for Human Drug Research, which provide certain pharmaceutical research and development services to us. For more information regarding our contracts with these third parties, see "Business—Our Clinical Trials and Milestones." 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.

Public health epidemics, pandemics or outbreaks, including the recent novel coronavirus pandemic (Covid-19), could adversely affect our business.

In December 2019, the novel coronavirus ("Covid-19") was identified in Wuhan, China. The virus continues to spread globally, has been declared a pandemic by the World Health Organization and has spread to over 100 countries, including the United States. The Covid-19 outbreak is significantly affecting our communities, our business operations and the business operations of the CROs and CMOs we have engaged, as well as the U.S. economy and financial markets. The full extent to which the Covid-19 outbreak will impact our business, results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning Covid-19 and the actions to contain it or treat its impact and the economic impact on local, regional, national and international markets. As the Covid-19 pandemic continues, our results of operations, financial condition and cash flows are likely to be materially adversely affected, particularly if the pandemic persists for a significant amount of time.

Covid-19 or other public health epidemics, pandemics or outbreaks, and the resulting business or economic disruptions resulting therefrom, may adversely impact our business as well as our ability to raise capital. The impact of this pandemic has been and will likely continue to be extensive in many aspects of society, which has resulted in and will likely continue to result in significant disruptions to the global economy, as well as businesses and capital markets around the world.

While we cannot presently predict the scope and severity of any potential business shutdowns or disruptions, if we or any of our business partners, clinical trial sites, distributors and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions, 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 program for cannabinoid overdoses were to be delayed, it may have a material adverse effect on our business, results of operations and financial condition.

The 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.

Several measures have been and are currently being implemented by the United States and other governments to address the current Covid-19 pandemic and its economic impacts. At this time, it is impossible to predict the success of these measures and whether or not they will have unforeseen negative consequences for our business. In addition, our results of operations, financial position and cash flows may be adversely affected by federal or state laws, regulations, orders, or other governmental or regulatory actions addressing the current Covid-19 pandemic or the U.S. healthcare system, which, if adopted, could result in direct or indirect restrictions to our business, results of operations, financial condition and cash flow.

The foregoing and other continued disruptions to our business as a result of Covid-19 could result in a material adverse effect on our business, results of operations, financial condition and cash flows. Further, the Covid-19 pandemic could heighten the risks in certain of the other risk factors described herein.

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 Daniel Schneeberger, M.D., our Chief Executive Officer and a director. The loss of the services of Dr. Lawler or Dr. Schneeberger 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 Dr. Schneeberger 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 Dr. Schneeberger.

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.

Our employment agreement with our Chief Executive Officer may require us to pay severance benefits to him if terminated in connection with a change in control of us which could harm our financial condition or results.

We have entered into an employment agreement with Dr. Schneeberger to serve as our Chief Executive Officer. The employment agreement contains change in control and severance provisions. In the event of a change in control of our company, Dr. Schneeberger will be entitled to the vesting of 50% of any stock-based awards granted but not yet vested prior to the change in control event not less than six months after the change in control event, provided Dr. Schneeberger remains employed by our company. If the change in control event is an initial public offering, Dr. Schneeberger will be entitled to the full vesting of any stock-based awards. In the event of Dr. Schneeberger's termination, Dr. Schneeberger will be entitled to severance payments as follows: (i) if terminated by us without cause or upon his resignation for good reason, severance payments will be equal to the remainder of the annual base compensation for the year in which the date of termination occurs and the immediate award and vesting of the next quarterly stock-based award; and (ii) if terminated due to non-extension of the initial term, and only if we exercise our non-compete option, severance payments will be equal to the annual base compensation for the year in which the date of termination occurs, multiplied by a fraction, the numerator of which is equal to the number of days from the date of termination through the one-year anniversary thereof and the denominator of which is 365. The accelerated vesting of options and restricted stock units could result in dilution to our existing stockholders and harm the market price of our common stock. The payment of these severance benefits could harm our financial condition and results. In addition, these potential severance payments may discourage or prevent third parties from seeking a business combination with us.

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. 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. 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 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 issued or granted patents with respect to our product candidates, we cannot be certain that suchpatents will not later be found to be invalid and/or unenforceable. Currently, we do not have patents on our core intellectual property.

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 potential 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 potential 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 (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 face litigation from third parties claiming that our product or business infringes, misappropriates or otherwise violates their intellectual property rights, or seeking to challenge the validity of our patent rights.

Our future success is also dependent in part on the strength of our intellectual property, trade secrets and know-how, and on our ability, and the ability of our future collaborators, to develop, manufacture, market and sell ANEB-001, if approved, and use our proprietary technologies without alleged or actual infringement, misappropriation or other violation of the patents and other intellectual property rights of third parties. Moreover, it is difficult to conclusively assess our freedom to operate without infringing on third-party rights. We may be exposed to, or be threatened with, adversarial proceedings or additional future litigation by third parties regarding intellectual property rights with respect to our current and any future product candidates and technology.

There have been many lawsuits and other proceedings involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings, including patent infringement lawsuits, interferences, post-grant review, inter partes review, oppositions and reexamination proceedings before the USPTO, and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing our product candidate. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidate may be subject to claims of infringement of the intellectual property rights of third parties. We may become party to, or threatened with, such actions in the future, regardless of their merit.

Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist in the pharmaceutical and biotechnology fields which may impact development of our product candidates. We cannot assure you that the product candidate we have developed, are developing or may develop in the future will not infringe existing or future patents owned by third parties. We may not be aware of patents that have already been issued and that a third-party, for example, a competitor in the fields in which we are developing product candidates might assert that their rights are infringed by our current or future product candidates, including claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our product candidate. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our product candidate, could be found to be infringed by our product candidate. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidate may infringe.

Third parties may assert infringement claims against us based on patents that may be granted in the future including, our patent applications, regardless of their merit. There is a risk that third parties may choose to engage in litigation with us to enforce or to otherwise assert their patent rights or to obtain injunctive or other equitable relief against us. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such

patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms, or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. Some claimants may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. Furthermore, even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or to enable the commercialization of our current or future product candidates. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In such an event, we would be unable to further practice our technologies or develop and commercialize our current or future product candidates, which could harm our business significantly.

Similarly, we or our licensors or collaborators may initiate proceedings or litigation against third parties, for instance, to challenge the validity or scope of intellectual property rights controlled by third parties. In order to successfully challenge the validity of any U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such United States patent claim, there is no assurance that a court would invalidate the claims of any such United States patent.

Patent litigation and other proceedings may also absorb significant management time. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Engaging in litigation to defend against third parties alleging that we have infringed, misappropriated, or otherwise violated their patents or other intellectual property rights is very expensive, particularly for a company of our size, and time-consuming. Some of our competitors may be able to sustain the costs of litigation or administrative proceedings more effectively than we can because of greater financial resources. In the event of a successful claim of infringement against us, we may be enjoined from further developing or commercializing our infringing product candidate. In addition, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties, and/or redesign our infringing product candidate, which may be impossible or require substantial time and monetary expenditure. In that event, we would be unable to further develop and commercialize our product candidate, which could harm our business significantly. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings against us could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

During the course of any patent or other intellectual property litigation or other proceeding, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings or developments and if securities analysts or investors regard these announcements as negative, the perceived value of our current or future product candidates or intellectual property could be diminished. Accordingly, the market price of our common stock may decline. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our business, ability to compete in the marketplace, financial condition, results of operations and growth prospects.

We may become involved in lawsuits to protect or enforce our patent rights or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe, misappropriate or otherwise violate our patent rights, trademarks, copyrights or other intellectual property, or those of our licensors. To counter infringement, misappropriation, unauthorized use or other violations, we may be required to file legal claims, which can be expensive and time consuming and divert the time and attention of our management and scientific personnel.

We may not be able to prevent, alone or with our licensees or any future licensors, infringement, misappropriation or other violations of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patents do not cover the invention. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors, and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

In any infringement, misappropriation or other intellectual property litigation, any award of monetary damages we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

If we initiated legal proceedings against a third-party to enforce a patent covering our product candidates or other technologies, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may raise claims challenging the validity or enforceability of our patents before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, inter partes review, interference proceedings, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our product candidate or other technologies. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a third-party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidate or other technologies. Such a loss of patent protection would have a material adverse impact on our business, financial condition, results of operations, and growth prospects.

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 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.

We may be subject to claims that we or our employees, consultants, contractors or advisors have infringed, misappropriated or otherwise violated the intellectual property of a third party, or claiming ownership of what we regard as our own intellectual property.

We may employ individuals who were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees do not use the intellectual property and other proprietary information, know-how or trade secrets of others in their work for us, we may be subject to claims that we or these employees have used or disclosed such intellectual property or other proprietary information. Litigation may be necessary to defend against these claims.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. To the extent that we fail to obtain such assignments, such assignments do not contain a self-executing assignment of intellectual property rights or such assignments are breached, we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors fail to maintain the patent rights and patent applications covering our current or future product candidates, our competitors might be able to enter the market, which would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations, and growth prospects. In addition, opposition or cancellation proceedings may be filed against our trademark applications and registrations, and our trademarks may not survive such proceedings. In certain countries outside of the United States, trademark

registration is required to enforce trademark rights. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would.

If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected and our business would be harmed.

In addition to seeking patents for important aspects of ANEB-001, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, in seeking to develop and maintain a competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, consultants, independent contractors, advisors, corporate collaborators, outside scientific collaborators, contract manufacturers, suppliers and other third parties. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective.

While we seek to protect these trade secrets and other proprietary technology, we cannot guarantee that our trade secrets and other proprietary and confidential information will not be disclosed or that competitors will not otherwise gain access to our trade secrets. Any party with whom we have executed such an agreement may breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts both within and outside the United States may be less willing or unwilling to protect trade secrets. Further, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such third party, or those to whom they communicate such technology or information, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our business and competitive position could be harmed.

Trade secrets and know-how can be difficult to protect as trade secrets and know-how will over time be disseminated within the industry through independent development, the publication of journal articles, and the movement of personnel skilled in the art from company to company or academic to industry scientific positions. If we fail to prevent material disclosure of the know-how, trade secrets and other intellectual property related to our technologies to third parties, we will not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition. Even if we are able to adequately protect our trade secrets and proprietary information, our trade secrets could otherwise become known or could be independently discovered by our competitors. For example, competitors could purchase our product and attempt to replicate some or all of the competitive advantages we derive from our development efforts, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, in the absence of patent protection, we would have no right to prevent them, or those to whom they communicate, from using that technology or information to compete with us.

We may not be able to prevent misappropriation of our intellectual property, trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the United States. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Intellectual property rights do not necessarily address all potential threats to our business.

Once granted, patents may remain open to opposition, interference, re-examination, post-grant review,*inter partes* review, nullification or derivation action in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against such grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the allowed or granted claims thus attacked, or may lose the allowed or granted claims altogether. In addition, the degree of future protection afforded by our intellectual property rights is uncertain because even granted intellectual property rights have limitations, and may not adequately protect our business.

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. Even if we are successful in obtaining a patent, 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 contract research organizations, 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 operation s.

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 cannabinoid overdose. 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 a New Drug Application ("NDA") or Biologics License Application ("BLA"), or their 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 Investigational New Drug Application ("IND") for our drug candidate or the FDA may require additional toxicology studies;
- the FDA or comparable foreign regulatory authorities or Institutional Review Boards ("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, BLA 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 the clinical trials we intend to conduct in the future 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 only limited experience in filing the applications necessary to gain regulatory approvals and expect to rely on consultants and third party contract research organizations, 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.

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 Good Clinical Practices ("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 current Good Manufacturing Practice ("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. In the United States, the distribution of product samples to physicians must comply with the requirements of the U.S. Prescription Drug Marketing Act. Application holders must obtain FDA approval for product and manufacturing changes, depending on the nature of the change. We may also be subject, directly or indirectly through our customers and partners, to various fraud and abuse laws, including, without limitation, the U.S. Anti-Kickback Statute, U.S. False Claims Act, and similar state laws, which impact, among other things, our proposed sales, marketing, and scientific/educational grant programs. If we participate in the U.S. Medicaid Drug Rebate Program, the Federal Supply Schedule of the U.S. Department of Veterans Affairs, or other government drug programs, we will be subject to complex laws and regulations regarding reporting and payment obligations. All of these activities are also potentially subject to U.S. federal and state consumer protection and unfair competition laws. Similar requirements exist in many of these areas in other countries.

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.

Obtaining and maintaining regulatory approval of ANEB-001 in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of ANEB-001 in other jurisdictions.

Obtaining and maintaining regulatory approval of ANEB-001 in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For

example, even if the FDA grants marketing approval of a drug candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the drug candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical studies or clinical trials, as clinical studies conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a drug candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in international markets and/ or to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our drug candidate will be harmed.

Current and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize ANEB-001 and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval for our drug candidate, restrict or regulate post-approval activities and affect our ability to profitably sell ANEB-001. 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.

In the United States, the Medicare Modernization Act ("MMA") changed the way Medicare covers and pays for pharmaceutical products. The MMA expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for drugs. In addition, the MMA authorized Medicare Part D prescription drug plans to use formularies where they can limit the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These cost reduction initiatives and other provisions of this legislation could decrease the coverage and price that we receive for our drug candidate and could seriously harm our business. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

The Affordable Care Act ("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 ACA 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.

The ACA remains subject to legislative efforts to repeal, modify or delay the implementation of the law. Efforts to date have generally been unsuccessful. 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. 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.

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.

If we market ANEB-001, our lead drug candidate, in a manner that violates healthcare fraud and abuse laws, we may be subject to civil or criminal penalties.

The FDA enforces laws and regulations which require that the promotion of pharmaceutical products be consistent with the approved prescribing information. While physicians may prescribe an approved product for a so-called "off label" use, it is unlawful for a pharmaceutical company to promote its products in a manner that is inconsistent with its approved label and any company which engages in such conduct can subject that company to significant liability. Similarly, industry codes in the EU and other foreign jurisdictions prohibit companies from engaging in off-label promotion and regulatory agencies in various countries enforce violations of the code with civil penalties. While we intend to ensure that our promotional materials are consistent with our label, regulatory agencies may disagree with our assessment and may issue untitled letters, warning letters or may institute other civil or criminal enforcement proceedings. In addition to FDA restrictions on marketing of pharmaceutical products, several other types of state and federal healthcare fraud and abuse laws have been applied in recent years to restrict certain marketing practices in the pharmaceutical industry. These laws include the U.S. Anti-Kickback Statute, U.S. False Claims Act and similar state laws. Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of these laws.

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 or BLA 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 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.

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 contract research organizations and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different contract research organizations 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 contract research organization 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 IRB's 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. The results of our planned or any 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 the product. 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 product. There also may be certain markets within the United States and elsewhere for our product for which we may seek a co-promotion arrangement. However, we may not be able to enter into arrangements with third parties to sell our product 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 product or any other product candidates that we develop, which will negatively impact our ability to generate product revenues. Furthermore, whether we commercialize our product 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 our approved product, we would likely receive less revenues than if we commercialized the product 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 non-competitive or obsolete. 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.

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 our product. 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 candidate may adversely affect our ability to generate profits or acceptable profit margins and our ability to develop and deliver such product 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 candidate. 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 products 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 products. 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 candidate 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. On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, "PPACA"), which includes a number of healthcare reform provisions and requires most U.S. citizens to have health insurance. 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.

In the coming years, additional changes could be made to governmental healthcare programs 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.

We are subject to regulation from the U.S. Government and such other governments and regulatory bodies where ANEB-001 or future product candidates may be sold in

the future.

Both before and after regulatory approval to market a particular product candidate, the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, distribution and record keeping related to the product are subject to extensive, ongoing regulatory requirements, including, without limitation, submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with CGMP requirements and GCP requirements for any clinical trials we conduct post-approval. As a result, we are subject to a number of governmental and other regulatory risks, which include:

- clinical development is a long, expensive and uncertain process; delay and failure can occur at any stage of our clinical trials;
- our clinical trials are dependent on patient enrollment and regulatory approvals; we do not know whether our planned trials will begin on time, or at all, or will be completed on schedule, or at all;
- the FDA or other regulatory authorities may not approve a clinical trial protocol or may place a clinical trial on hold;
- we rely on third parties, such as consultants, contract research organizations, medical institutions and clinical investigators, to conduct clinical trials for our drug candidates and if we or any of our third-party contractors fail to comply with applicable regulatory requirements, such as CGMP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the European Medicines Agency or comparable foreign regulatory authorities may require us to perform additional clinical trials;
- if the clinical development process is completed successfully, our ability to derive revenues from the sale of our current or future product candidates will depend on us first obtaining FDA or other comparable foreign regulatory approvals, each of which are subject to unique risks and uncertainties;
- there is no assurance that we will receive FDA or corollary foreign approval for any of our product candidates for any indication; we are subject to government regulation for the commercialization of our product candidates;
- we have not received regulatory approval in the United States for the commercial sale of our product candidate;
- even if our product candidate does obtain approval, regulatory authorities may approve such product candidate for fewer or more limited indications than our requests, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve with a label that does not include the labeling claims necessary or desirable for the successful commercialization of the product candidate;
- undesirable side effects caused by our current or future product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign authorities;
- later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with the regulatory requirements of FDA and other applicable United States and foreign regulatory authorities could subject us to administrative or judicially imposed sanctions;
- the FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidate, and if we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained; and
- we may be liable for contamination or other harm caused by hazardous materials used in the operations of our business.

In addition, our operations are also subject to various federal and state fraud and abuse, physician payment transparency and privacy and security laws, including, without limitation:

- The federal Anti-Kickback Statute, which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or providing remuneration to induce the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare or Medicaid programs. This statute has been applied to pharmaceutical manufacturer marketing practices, educational programs, pricing policies and relationships with healthcare providers. A person or entity does not need to have actual knowledge of this statute or specific intent to violate it to have committed a violation;
- Federal civil and criminal false claims laws and civil monetary penalty laws, including civil whistleblower or qui tam actions that prohibit, among other things, knowingly presenting, or causing to be present, claims for payment or approval to the federal government that are false or fraudulent, knowingly making a false statement material to an obligation to pay or transmit money or property to the federal government or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the federal government. 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 false claims statutes;
- The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations, which created federal criminal laws that prohibit, among other things, executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, also imposes certain regulatory and contractual requirements regarding the privacy, security and transmission of individually identifiable health information;
- Federal "sunshine" requirements imposed by the PPACA on drug manufacturers regarding any "transfer of value" made or distributed to physicians and teaching hospitals, and any ownership and investment interests held by such physicians and their immediate family members. Failure to submit the required information may result in civil monetary penalties of up an aggregate of $150,000 per year (and up to an aggregate of $1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests not reported in an annual submission, and may result in liability under other federal laws or regulations; and
- State and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require drug manufacturers to comply with the industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of certain health information, many of which differ from each other in significant ways and often are not preempted by HIPAA.

Many of our business practices are subject to scrutiny by regulatory and government enforcement authorities, as well as to lawsuits brought by private citizens under federal and state laws. Failure to comply with applicable law or an adverse decision in lawsuits may result in adverse consequences to us.

The laws governing our conduct in the U.S., and the conduct of collaborators, licensors or licensees on whom the success of our business relies, are enforceable by

administrative, civil, and criminal penalties. Violations of laws such as the FDCA, the Social Security Act (including the Anti-Kickback Statute), and the Federal False Claims Act, and any regulations promulgated under the authority of the preceding, may result in a range of enforcement action including jail sentences, fines integrity oversight and reporting obligations and/or exclusion from federal and state healthcare programs, as may be determined by Medicare, Medicaid and the Department of Health and Human Services and other regulatory authorities as well as by the courts in response to actions brought by the Department of Justice. The FDA regulates drugs throughout the development process, from preclinical and clinical trials through approval and post-marketing requirements. Failure to fully comply with FDA law may cause the FDA to issue inspectional observations, untitled or warning letters, bring an enforcement action, suspend or withdraw an approved product from the market, require a recall or institute fines or civil fines, or could result in disgorgement of money, operating restrictions, injunctions or criminal prosecution, any of which (whether applied directly to us or to our collaborators, licensors, or licensees) could harm our reputation and our business. There can be no assurance that our activities, or those of our collaborators, licensors or licensees, will not come under the scrutiny of regulators and other government authorities or that our practices will not be found to violate applicable laws, rules and regulations or prompt lawsuits by private citizen "relators" under federal or state false claims laws.

Clinical trials for ANEB-001 have or 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.

Although the FDA may accept data from clinical trials conducted outside the U.S. 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.

Laws impacting the U.S. healthcare system are subject to a great deal of uncertainty, which may result in adverse consequences to our business.

There have been a number of legislative and regulatory proposals to change the healthcare system, reduce the costs of healthcare and change medical reimbursement policies. Doctors, clinics, hospitals and other users of our product may decline to purchase our product to the extent there is uncertainty regarding coverage from government or commercial payors. Further proposed legislation, regulation and policy changes affecting third-party reimbursement are likely. Among other things, Congress has in the past proposed changes to and the repeal of the PPACA, and lawsuits have been brought challenging aspects of the law at various points. There have been repeated recent attempts by Congress to repeal or replace the PPACA. Some of the provisions of the PPACA have yet to be implemented, and there have been legal and political challenges to certain aspects of the PPACA. Since January 2017, President Trump has signed two executive orders and other directives designed to delay, circumvent, or loosen certain requirements mandated by the PPACA. Concurrently, Congress has considered legislation that would repeal and replace all or part of the PPACA. While Congress has previously been successful at passing comprehensive repeal legislation through both Chambers of Congress, it had then been vetoed by former President Obama and full repeal legislation is unlikely in the current political climate. However, Congress has passed two bills affecting the implementation of certain taxes under the PPACA. The Tax Cuts and Jobs Act passed in December of 2017 included a provision that would repeal one of the primary pillars of the law, the PPACA's individual mandate penalty that essentially assessed a monetary penalty or fine on certain individuals who fail to maintain qualifying health coverage for all or part of a year. Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain fees mandated by the PPACA, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans and the annual fee imposed on certain health insurance providers based on market share. Moreover, the Bipartisan Budget Act of 2018 among other things, amends the PPACA, effective January 1, 2019, to increase from 50% to 70% the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole". Congress may consider other legislation to repeal or replace elements of the PPACA on a provision-by-provision basis. In addition, there have been recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, control drug costs, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. We are unable to predict what legislation or regulation, if any, relating to the healthcare industry or third-party coverage and reimbursement may be enacted in the future at the state or federal level, or what effect such legislation or regulation may have on us. Denial of coverage and reimbursement of our products, or the revocation or changes to coverage and reimbursement policies, could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Ownership of Our Common Stock and this Offering

Our stock price may be volatile and your investment could decline in value.

The market price of our common stock following this offering 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 prospectus; 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.

Our common stock has no prior market and our stock price may decline after the offering.

Before this offering, there has been no public market for shares of our common stock. Although we have applied to have our common stock listed on The Nasdaq Capital Market, an active trading market for our common stock may not develop or, if it develops, may not be sustained after this offering. Our company and the underwriters will negotiate to determine the initial public offering price. The initial public offering price may be higher than the market price of our common stock after the offering and you may not be able to sell your shares of our common stock at or above the price you paid in the offering. As a result, you could lose all or part of your investment.

Investors purchasing common stock in this offering will experience immediate dilution

The initial public offering price of shares of our common stock is higher than the pro forma as adjusted net tangible book value per outstanding share of our common stock. You will incur immediate dilution of $ per share in the pro forma as adjusted net tangible book value of shares of our common stock, based on an assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus. To the extent outstanding options are ultimately exercised, there will be further dilution of the common stock sold in this offering.

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 sell substantial numbers of our shares of common stock in the public market following this offering 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.

Immediately upon completion of this offering, based on the number of shares outstanding as of December 31, 2020, we will have shares of common stock authorized and shares of common stock outstanding. Of these shares, the shares to be sold in this offering (assuming the underwriters do not exercise their option to purchase additional shares in this offering to cover over-allotments, if any) will be freely tradable. We, our executive officers and directors, and certain of our stockholders have entered into agreements with the underwriters not to sell or otherwise dispose of shares of our common stock for a period of 180 days following completion of this offering, with certain exceptions. Immediately upon the expiration of this lock-up period, shares will be freely tradable pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), by non-affiliates and another shares will be eligible for resale pursuant to Rule 144 under the Securities Act, subject to the volume, manner of sale, holding period and other limitations of Rule 144.

In addition, following the completion of this offering, we intend to file a registration statement on Form S-8 registering the issuance of 275,000 shares of common stock subject to stock options and other equity awards issued or reserved for future issuance under our 2020 Stock Incentive Plan. After taking into consideration the 163,750 shares of restricted common stock awarded to Dr. Schneeberger and shares of common stock reserved for issuance upon the exercise of stock options awarded to our non-employee directors in 2021, the Plan has shares remaining available. Shares registered under the registration statement on Form S-8 will be available for sale in the public market subject to vesting arrangements and exercise of options, the lock-up agreements described above and the restrictions of Securities Act Rule 144 in the case of our affiliates.

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 will incur significantly increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance efforts.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the accounting and internal controls provisions of the Foreign Corrupt Practices Act of 1977, as amended, and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), as well as rules and regulations subsequently 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 will need to devote a substantial amount of time and resources to complying with these requirements. Moreover, these rules and regulations will increase 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. 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 becoming 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.

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 $1.07 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-for-performance graph 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 §107 of the JOBS Act.

We intend 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 §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 §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" under SEC rules. For instance, smaller reporting companies 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 $1.07 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.

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.

While we currently qualify as an "emerging growth company" under the JOBS Act, once we lose emerging growth company status, the costs and demands placed upon our management are expected to increase.

Following this offering, we will continue to be an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which we had total annual gross revenue of at least $1.07 billion (as indexed for inflation), (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of common stock under this registration statement, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed to be a "large accelerated filer," as defined under the Exchange Act. Once we lose emerging growth company status, we expect the costs and demands placed upon our management to increase, as we would have to comply with additional disclosure and accounting requirements.

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 will be 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.

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 you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you 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.

Concentration of ownership of our common stock by Dr. Joseph F. Lawler and Aron R. English may limit new investors from influencing significant corporate decisions.

Upon completion of this offering, Joseph F. Lawler, M.D., Ph.D., our founder and a director, and Aron R. English, a director of our company, will beneficially own approximately % of our outstanding shares of common stock. These majority stockholders, acting together, would be able to determine the outcome of all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of these majority stockholders may not align with our interests or the interests of other stockholders and thereby could control our policies and operations, including the appointment of management, future issuances of our common stock, preferred stock or other securities, the incurrence or modification of debt by us, amendments to our certificate of incorporation and bylaws, and the entering into of extraordinary transactions, such as a merger or sale of all or substantially all of our assets. In addition, these majority stockholders will be able to cause or prevent a change in control of our company and could preclude any unsolicited acquisition of our company. This concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways that may not yield a return.

Our management will have considerable discretion in the application of the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our stockholders and this may not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

We do not expect to pay any dividends on our common stock for the foreseeable future.

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 for the foreseeable future. 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 in order 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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," but are also contained in other sections of this prospectus. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "aim," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing," "target," "seek" or the negative of these terms, or other comparable terminology intended to identify statements about the future. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our limited operating history;
- the expectation that we will incur operating losses for the foreseeable future;
- our current and future capital requirements to support our development and commercialization efforts for ANEB-001 and our ability to satisfy our capital needs;
- our dependence on our lead product candidate, ANEB-001, which is still in an early stage of clinical development;
- our reliance on a license from a third party in relation to our rights and development of ANEB-001;
- our, or that of our future third-party manufacturers, ability to manufacture GMP batches of our product as required for preclinical and clinical trials and, subsequently, our ability to manufacture commercial quantities of our product;
- our ability to attract and retain key executives and medical and scientific personnel;
- our ability to complete required clinical trials for ANEB-001 and obtain approval from the FDA or other regulatory agencies in different jurisdictions;
- our lack of a sales and marketing organization and our ability to commercialize our product candidates if we obtain regulatory approval;

- our dependence on third parties to manufacture our product candidates;
- our reliance on third-party contract research organizations to conduct our clinical trials;
- our ability to maintain and protect the validity of our intellectual property and develop new intellectual property;
- interpretations of current laws and the passages of future laws;
- acceptance of our business model by investors;
- the accuracy of our estimates regarding expenses and capital requirements; and
- our ability to adequately support organizational and business growth.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain.

You should refer to the "Risk Factors" section of this prospectus for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result, of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by U.S. federal securities laws.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of our common stock in this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option in full to purchase additional shares of our common stock from us), based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds that we receive from this offering by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering to make expenditures to fund proprietary research and development of our ANEB-001 product candidate and to support preclinical testing and clinical trials necessary for regulatory filings. The amount and timing of expenditures for these purposes will vary depending upon a number of factors, none of which can be predicted with certainty, such as the progress of research and development projects, participation of strategic partners, changing competitive conditions, technological advances, patent considerations and assessments of the commercial potential of our products.

We believe that we will receive sufficient net proceeds from this offering to complete the P2 proof-of-concept trial, advance regulatory discussions with the FDA and comparable foreign regulatory bodies and prepare for pivotal clinical trials that focus on the safety of our ANEB-001 product candidate. As of the date of this prospectus, we have not determined the amount of net proceeds of this offering to be applied specifically to each of these uses. We will need additional funding to complete the clinical development of, seek regulatory approval for and commercially launch ANEB-001 and other pipeline development products. In particular, we expect that we will need additional capital in approximately 18 months to run the pivotal safety trials for ANEB-001, file a marketing application with the FDA and make certain milestone payments to Vernalis (as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Commitments"). Additionally, we will require financing if we decide to commercialize ANEB-001 without any future third-party collaborative arrangements.

A portion of the net proceeds from this offering may be used for the acquisition or licensing of complementary technologies, products or businesses. We currently have no commitments or understandings to make any such acquisitions or enter into any new licenses.

The net proceeds from this offering will also be available for working capital and other general corporate purposes, including enhancing our corporate infrastructure and systems to assist in creating a more robust means of tracking data, automating back office functions and improving our financial reporting system. We may allocate funds from other sources to fund some or all of these activities.

The intended use of net proceeds from this offering represents our expectations based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses described in this prospectus. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations, if any, and the anticipated growth of our business. Pending such uses, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short- and intermediate-term, interest-bearing, investment-grade securities.

DIVIDEND POLICY

Our board of directors will determine our future dividend policy based on our results of operations, financial condition, capital requirements and other circumstances. We have not previously declared or paid any cash dividends on our common stock. We anticipate that we will retain earnings to support operations and finance the growth of our business, as described in this prospectus. Accordingly, it is not anticipated that any cash dividends will be paid on our common stock in the foreseeable future.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and total capitalization as of December 31, 2020 on:

- an actual basis without any adjustments to reflect subsequent or anticipated events;
- a pro forma basis reflecting the receipt by us of the proceeds from the sale and exercise of our milestone warrants for a total of $ before the closing of this offering, and the conversion of all our series A preferred stock into shares of common stock automatically upon the closing of this offering (the "Recapitalization"); and
- a pro forma as adjusted basis reflecting the Recapitalization and the receipt by us of the net proceeds from the sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and excluding the exercise of the underwriters' over-allotment option, as if each had occurred on December 31, 2020.

The pro forma and pro forma as-adjusted information below is illustrative only of our cash and cash equivalents and capitalization following the completion of this offering and will change based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with the information set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this prospectus.

	As of December 31, 2020		
	Actual	Pro Forma (unaudited)	Pro Forma, as Adjusted (unaudited)
Cash and cash equivalents	$ 2,480,003	$	
Series A preferred stock, $0.0001 par value, 1,490,651 shares authorized; 341,250 shares issued and outstanding; no shares issued and outstanding, pro forma, as adjusted	2,975,752		
Stockholders' equity (deficit)			
Common stock, $0.001 par value, 3,800,000 shares authorized; 2,163,750 shares issued and outstanding; shares issued and outstanding, pro forma, as adjusted	2,164		
Additional paid-in capital	38,438		
Accumulated deficit	(759,620)		
Total stockholders' equity (deficit)	(719,018)		
Total capitalization	$ 2,256,734		$

The number of shares of common stock issued and outstanding actual, pro forma and pro forma as adjusted in the table above excludes the following:

- the sale of our milestone warrants and the conversion of all our series A preferred stock into shares of common stock automatically upon the closing of this offering (see "Prospectus Summary – Private Placement and Recapitalization");
- _____ shares of common stock reserved for issuance upon the exercise of outstanding stock options awarded to our non-employee directors in 2021, and _____ shares of common stock reserved for future issuance under our 2020 Stock Incentive Plan; and
- the exercise by the underwriters of their option to purchase up to an additional shares of our common stock from us in this offering to cover over-allotments, if any.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors purchasing shares of our common stock in this offering by $, assuming that the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share of our common stock immediately after this offering. Net tangible book value per share is determined by dividing our total tangible assets less total liabilities by the number of outstanding shares of common stock.

As of December 31, 2020, we had a net tangible book value of $2,126,228, or $0.98 per share of common stock. Our net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of December 31, 2020.

Investors participating in this offering will incur immediate and substantial dilution. After giving effect to the sale and exercise of our milestone warrants for a total of $2,250,000 before the closing of this offering and the conversion of all our series A preferred stock into shares of common stock automatically upon the closing of this offering, and issuance and sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of December 31, 2020, would have been approximately $, or $ per share of common stock. This represents an immediate increase in the pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to investors purchasing shares of our common stock in this offering. The following table illustrates this per share dilution:

	Amount
Assumed initial public offering price per share	$
Net tangible book value (deficit) per share as of December 31, 2020	
Increase in net tangible book value per share attributable to new investors participating in this offering	
Net tangible book value per share after this offering	
Dilution per share to new investors participating in this offering	

The dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price set forth on the cover page of this prospectus, would increase or decrease our net tangible book value by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

If the underwriters exercise their over-allotment option in full to purchase an additional shares of our common stock from us in this offering to cover over-allotments, if any, the pro forma as adjusted net tangible book value per share of our common stock after giving effect to this offering, would be $ per share, the increase in the net tangible book value per share to existing stockholders would be $ per share and the dilution per share to new investors purchasing shares of our common stock in this offering would be $ per share.

The following table illustrates, as of December 31, 2020, the differences between the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by new investors purchasing shares of our common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per
	Number	Percent	Amount	Percent	Share
Existing stockholders		%		%	
New investors		%		%	
Total		100.0%		100.0%	

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors purchasing shares of our common stock in this offering by $, assuming that the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same.

The number of shares of our common stock shown above to be outstanding after this offering is based on shares of our common stock outstanding as of December 31, 2020. After taking into consideration the 163,750 shares of restricted common stock awarded to Dr. Schneeberger and shares of common stock reserved for issuance upon the exercise of outstanding stock options awarded to our non-employee directors in 2021, the Plan has shares remaining available.

In addition, if the underwriters exercise their over-allotment option in full to purchase additional shares of our common stock from us in this offering, the number of shares held by new investors purchasing shares of our common stock in this offering would increase to , or % of the total number of shares of our common stock outstanding after this offering.

To the extent that new options are issued under our 2020 Stock Incentive Plan or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes included elsewhere in this prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this prospectus.

Overview

We are a clinical-stage biotechnology company developing novel solutions for people suffering from cannabinoid overdose and substance addiction. Our lead product candidate, ANEB-001, is intended to reverse the negative effects of cannabinoid overdose within 1 hour of administration. The signs and symptoms of cannabinoid overdose range from profound sedation to anxiety and panic to psychosis with hallucinations. There is no approved medical treatment currently available to specifically alleviate the symptoms of cannabinoid overdose. If approved by the FDA, we believe ANEB-001 has the potential to be the first FDA approved treatment of its kind on the market for reversing the effects of THC, the principal psychoactive constituent of cannabis. Clinical trials completed to date have shown that ANEB-001 is rapidly absorbed, well tolerated and leads to weight loss, an effect that is consistent with central CB1 antagonism. We intend to launch a Phase 2 proof - of - concept trial for ANEB-001 in the fourth quarter of 2021.

Cannabinoid overdoses have become a widespread health issue in the United States, particularly in the increasing number of states that have legalized cannabis for personal and recreational use. The ingestion of large quantities of THC is a major cause of cannabinoid overdose. Excessive ingestion of THC via edible products such as candies and brownies, and overdoses of synthetic cannabinoids (also known as "synthetics," "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 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 hospitalizations grew to 1.74 million patients in 2018 and was growing at an approximately 15% compounded annual growth rate between 2012 and 2018. We believe the number of cannabis-related hospitalizations and other health problems associated with cannabinoid overdoses 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 cannabinoid overdose.

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

Our objective is to develop and commercialize new treatment options for patients suffering from cannabinoid overdose and 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 cannabinoid overdose. ANEB-001 is an orally bioavailable, rapidly absorbed treatment that we anticipate will reverse the symptoms of cannabinoid overdoses, in most cases within 1 hour of administration. Our proprietary position in the treatment of cannabinoid overdose is protected by rights to two patent applications covering various methods of use of the compound and delivery systems. We anticipate starting a Phase 2 proof-of-concept trial for ANEB-001 in the fourth quarter of 2021.

We were formed on April 23, 2020, incorporated in Delaware in April 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, starting preparations for a Phase 2 proof-of-concept trial, including the synthesis of a new active pharmaceutical ingredient, the development and filing of a clinical trial protocol with regulatory agencies in Europe and raising capital. We have funded our operations through a private placement of our series A convertible preferred stock and issuance of two promissory notes to a related party.

We have not generated any revenue from product sales since inception. We expect to continue incurring significant research and development expenses related to ANEB-001. We have incurred operating losses since inception and expect to continue to incur significant operating losses and negative cash flows from operations for the foreseeable future. For the period from April 23, 2020 (inception) to June 30, 2020 and as of June 30, 2020, we r ecorded a net loss of $174,637 and had cash and cash equivalents of $3,024,980 and accumulated deficit of $174,637, respectively. For the six months ended December 31, 2020 and as of December 31, 2020, we recorded a net loss of $584,983 and accumulated deficit of $759,620, respectively.

As of December 31, 2020, our cash and cash equivalents were $2,480,003. In June 2020, we raised $3,200,000 in gross proceeds from the sale of our series A preferred and issuance of the related party notes. We believe that our existing cash and cash equivalents, together with the anticipated net proceeds from this offering, will enable us to fund our commercialization efforts, operating expenses, clinical trials, product development and capital requirements for at least the next 18 months. We will need to raise additional capital in order to complete the clinical development of, seek regulatory approval for and commercially launch ANEB-001 and other pipeline development products. See "– Liquidity and Capital Resources" below.

We expect our expenses and operating losses to increase substantially and will include:

- employee-related expenses, such as salaries, share-based compensation, benefits, travel expenses for personnel that we plan to hire;
- manufacturing costs in connection with conducting clinical trials;
- expenses related to planned clinical trials;
- earlier stage research and development activities;
- costs associated with protecting our intellectual property;
- costs to acquire or in-license other assets and technologies; and
- additional costs associated with being a public company.

In addition, as we progress forward, we will be obligated to make certain milestone payments to the licensor. See "– Contractual Obligations and Commitments" below. Our net losses may fluctuate significantly quarterly or yearly, depending on the timing of development milestone expenses, clinical trials, research and development expenditures and commercialization expenses.

We will need to raise additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from sales of ANEB-001, if approved, we expect to finance our operations through the sale of equity securities, debt financings or other capital resources, including potential collaborations with third parties or other strategic transactions. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development of ANEB-001 or additional indications on product candidates we may develop in the future.

Financial Operations Overview

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 may never succeed in obtaining regulatory approval for any of our product candidates.

Research and Development Expenses

Our research and development expenses for the six months ended December 31, 2020 included research and development consulting expenses and 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. Following the closing of this offering, we expect to significantly increase our research and development efforts as we continue to develop ANEB-001 and conduct clinical trials with patients suffering from symptoms of cannabinoid overdose, as well as continue to expand our product-candidate pipeline. We anticipate research and development expenses will include:

- employee-related expenses, such as salaries, share-based compensation, benefits and travel expense for research and development personnel that we plan to hire;

- direct third-party costs such as expenses incurred under agreements with contract research organizations, or CROs, and contract manufacturing organizations, or CMOs;
- costs associated with research and development activities of consultants;
- manufacturing costs in connection with producing materials for use in conducting preclinical 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; and therefore, 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. Product candidates in early stages of clinical development, generally have high development costs, primarily due to multiple clinical trials, API, drug product and clinical materials manufacturing, milestone payments, IND process and clinical trial planning. 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.

At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of any product candidates that we develop from our programs. We are also unable to predict when, if ever, material net cash inflows will commence from sales of product candidates we develop, if at all. This is due to the numerous risks and uncertainties associated with developing product candidates, including the uncertainty of:

- the duration, costs and timing of clinical trials of our current and future indication expansion programs and new product candidates;
- successful completion of preclinical studies and clinical trials;
- sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials;
- acceptance of INDs for our planned clinical trial or future clinical trials;
- successful enrollment and completion of clinical trials;
- successful data from our clinical program or future clinical programs that supports an acceptable risk-benefit profile of our product candidates in the intended populations;
- receipt of regulatory and marketing approvals from applicable regulatory authorities;
- receipt and maintenance of marketing approvals from applicable regulatory authorities;
- establishing agreements with third-party manufacturers for clinical supply for our clinical program or future clinical programs and commercial manufacturing, if our product candidate is approved;
- entry into collaborations to further the development of our product candidates;
- obtaining, maintaining, protecting, expanding and enforcing patent and trade secret protection or regulatory exclusivity for our product candidates; and
- successfully launching commercial sales of our product candidates if and when approved.

A change in the outcome of any of these variables with respect to the development of any of our programs or any product candidate we develop would significantly change the costs, timing and viability associated with the development of such program or product candidate.

General and Administrative Expenses

General and administrative expenses for the six months ended December 31, 2020 consisted primarily of professional fees, stock-based compensation, personnel cost and rent.

We anticipate that our general and administrative expenses will increase in the future to support our continued development efforts, ongoing and future potential research and development activities, and increased costs of operating as a public company. These increased costs will likely include additional personnel, outside consultants, lawyers, and accountants, among other expenses. Additionally, we anticipate increased costs associated with being a public company, including services associated with maintaining compliance with the requirements of Nasdaq and the SEC, insurance, and investor relations costs. If any of our current or future indication expansion programs or new product candidates obtains U.S. regulatory approval, we expect that we would incur significantly increased expenses associated with building a sales and marketing team.

Results of Operations

Six months ended December 31, 2020

The following table sets forth our results of operations for the six months ended December 31, 2020. As such, the results for the six months ended December 31 2020 may not provide a complete assessment of our financial performance and future periods.

	Six months ended December 31, 2020
Operating expenses:	
Research and development	$ 190,268
General and administrative	386,649
Total operating expenses	576,917
Other expense:	
Interest expense	(8,066)
Loss from operations before taxes	(584,983)
Income tax expense	-
Net loss	$ (584,983)

Research and Development Expenses

Research and development expenses of $190,268 for the six months ended December 31, 2020 consisted primarily of costs incurred for the research and development of our lead clinical candidate, ANEB-001, which included expenses incurred for consultants, clinical research activities, and clinical study materials.

General and Administrative Expenses

General and administrative expenses of $386,649 for the six months ended December 31, 2020 consisted primarily of professional fees, stock-based compensation, personnel costs and rent.

Interest Income (Expense), Net

Interest expense of $8,066 for the six months ended December 31, 2020 was related to two promissory notes issued to a related party.

Income Taxes

For interim periods, we estimate the annual effective income tax rate and apply the estimated rate to the year-to-date income or loss before income taxes. The effective income tax rate for the six months ended December 31, 2020 was 0.0%. Currently, we have recorded a full valuation allowance against our net deferred tax assets, primarily related to federal net operating losses and research and development credits.

Period from April 23, 2020 (Inception) to June 30, 2020

The following table sets forth our results of operations for the period from April 23, 2020 (date of inception) to June 30, 2020. As such, the results from April 23, 2020 (inception) to June 30, 2020 may not provide a complete assessment of our financial performance for future periods.

	For the period from April 23, 2020 (inception) to June 30, 2020
Operating expenses:	
Research and development	$ 150,000
General and administrative	23,351
Total operating expenses	173,351
Other expense:	
Interest expense	(1,286)
Loss from operations before taxes	(174,637)
Income tax expense	-
Net loss	$ (174,637)

Research and Development Expenses

Research and development expenses of $150,000 for the period from April 23, 2020 (inception) to June 30, 2020 represented the initial costs to secure the License Agreement.

General and Administrative Expenses

General and administrative expenses of $23,351 for the period from April 23, 2020 (inception) to June 30, 2020 were primarily related to legal fees associated with the formation of Anebulo Pharmaceuticals, Inc.

Interest Income (Expense), Net

Interest expense of $1,286 for the period from April 23, 2020 (inception) to June 30, 2020 was primarily related to two promissory notes issued to a related party.

Income Taxes

Since our inception in April 2020, we have incurred operating losses and negative cash flows from operations. At June 30, 2020, we had federal and net operating loss carryforwards of $174,637 with no expiration. In light of these considerations, as well as uncertainty as to when we might generate taxable income, we have recorded a full valuation allowance of $34,927. The amount of the net deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income change or if objective negative evidence is no longer present and additional weight may be given to subjective evidence.

Liquidity and Capital Resources

Overview

To date, we have financed our operations primarily with proceeds from sales of our series A convertible preferred stock and issuance of two promissory notes to a related party. From our inception through June 30, 2020, we received gross proceeds of $3,200,000. As of December 31, 2020 and June 30, 2020, we had cash and cash equivalents of $2,480,003 and $3,024,980 and an accumulated deficit of $759,620 and $174,637, respectively. As of December 31, 2020 and June 30, 2020, we had $209,352 and $201,286 of outstanding debt, respectively. Additionally, we anticipate receiving proceeds from the issuance of milestone warrants of $2,250,000, pursuant to the Securities Purchase Agreement, by the end of the first calendar quarter of 2021.

We intend to use the net proceeds of this offering to make expenditures to fund proprietary research and development of our ANEB-001 product candidate and to support preclinical testing and clinical trials necessary for regulatory filings. A portion of the net proceeds of this offering may be used for the acquisition or licensing of complementary technologies, products or businesses. We also may use a portion of these proceeds to repay certain amounts of debt currently outstanding. The net proceeds of this offering will also be available for working capital and other general corporate purposes, including enhancing our corporate infrastructure and systems to assist in creating a more robust means of tracking data, automating back office functions and improving our financial reporting system. We will need additional funding to complete the clinical development of, seek regulatory approval for and commercially launch ANEB-001 and other pipeline development products.

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. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that could adversely affect your rights as a common stockholder. 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.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to

relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of our product candidates, grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves or potentially discontinue operations.

Financing Transactions

On May 28, 2020 and June 18, 2020, we executed two promissory notes payable to Dr. Lawler in the aggregate principal amount of $200,000, reflecting cash advances by the lender to us in May and June 2020. The indebtedness is unsecured and bears interest at the rate of 8.0% per year. All accrued and unpaid interest and principal on the promissory note issued on May 28, 2020 is due and payable on demand by the holder on or after the date on which we consummate an equity financing (or series of equity financings having materially similar terms and conditions) pursuant to which we sell and issue shares of preferred stock for total aggregate gross proceeds of at least $2,500,000. As of the date of this prospectus, the related party investor has not yet demanded repayment of the note.

All accrued and unpaid interest and principal on the promissory note issued on June 18, 2020 is due and payable on demand by the holder on June 17, 2023. All accrued and unpaid interest and principal under both promissory notes shall be automatically due upon a change in control, defined generally as a consolidation or merger of our company, any transaction or series of transactions in which in excess of 50% of our voting power is transferred, a sale of all or substantially all of our assets or an exclusive license of all or substantially all our material intellectual property. We have used the proceeds of the promissory notes to fund organizational costs and expenses.

On June 18, 2020, we received gross proceeds of $3,000,000 from a private placement of our series A preferred stock (the "Private Placement"), convertible into 341,250 shares of our common stock, pursuant to the terms of a securities purchase agreement (the "Securities Purchase Agreement") with 22NW, LP, an institutional accredited investor affiliated with Aron R. English, who became a director of our company at such time. The series A preferred stock is convertible into shares of common stock automatically upon the closing of this offering. The conversion price of the series A preferred stock is $8.7912 per share. The conversion price is subject to adjustment if, at any time prior to conversion of the shares, we issue in a financing additional shares of common stock or other equity or equity-linked securities at a purchase, conversion or exercise price less than $8.7912 per share. In any such case, we have agreed to issue additional shares of series A preferred stock to the investors so that the effective purchase price per share in the Private Placement is reduced by a weighted-average anti-dilution percentage that takes into account both the lower per share purchase, conversion or exercise price and the number of such additional shares issued at the lower price. No adjustment will be made, however, in respect of shares of common stock or stock options issued to employees, directors or consultants, or in connection with acquisitions of other corporations or strategic collaborations approved by our board of directors.

As part of the Private Placement, 22NW, LP and Mr. English, individually, further agreed under the Securities Purchase Agreement to purchase upon the achievement of certain corporate events "milestone" warrants for $1.95754 per warrant (or $2,250,000 in the aggregate). The warrants are exercisable for cash for up to 1,149,401 shares of series A preferred stock at an exercise price of $10.11 per share or on a "net-exercise" basis into such lesser number of shares of series A preferred stock by surrendering a portion of the underlying warrant shares, based on the positive difference between the stated warrant exercise price and the initial public offering price per share in this offering, to pay the exercise price. The warrants must be purchased upon our achievement of (i) a filing with the FDA of an investigational new drug application or the making of an analogous regulatory filing in any foreign jurisdiction, whichever is earlier, and (ii) an arrangement by us to produce the active pharmaceutical ingredient of ANEB-001 in amounts sufficient to facilitate the consummation of a trial pursuant to such regulatory filing. The milestone warrants may also be purchased at any time at the option of 22NW, LP and Mr. English.

Cash Flows

The following table sets forth a summary of our cash flows for the six months ended December 31, 2020:

	Six months ended December 31, 2020
Net cash used in operating activities	$ (544,977)
Net decrease in cash and cash equivalents	$ (544,977)

Operating Activities

During the six months ended December 31, 2020, our operating activities used $544,977 in cash, which was less than the net loss of $584,983, primarily due to the non-cash stock-based compensation and the accrued interest on our two outstanding promissory notes, increases in accounts payable, and accrued expenses, and a decrease in a related party receivable. These charges were offset by increases in prepaid expenses and other current assets and deferred costs associated with this offering.

Outlook

Based on the expected net proceeds from this offering, our research and development plans and our timing expectations related to the development of our clinical programs, we expect that the net proceeds from this offering will enable us to fund our operating expenses, clinical development, milestone payments and capital expenditure requirements for at least the next 18 months. However, we have based this estimate on assumptions that may prove to be incorrect, and we could use our capital resources sooner than we expect.

Contractual Obligations and Commitments

License Agreement with Vernalis

On May 26, 2020, we entered into an exclusive 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's 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 $150,000, total potential developmental milestone payments of up to $29,900,000, total potential sales milestone payments of up to $35,000,000, and low to mid-single digit royalties on net sales.

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's 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.

Promissory Notes

On May 28, 2020 and June 18, 2020, we executed two promissory notes payable to Dr. Lawler in the aggregate principal amount of $200,000, reflecting cash advances by the lender to us in May and June 2020. The indebtedness is unsecured and bears interest at the rate of 8.0% per year. All accrued and unpaid interest and principal on the promissory note issued on May 28, 2020 is due and payable on demand by the holder on or after the date on which we consummate an equity financing (or series of equity financings having materially similar terms and conditions) pursuant to which we sell and issue shares of preferred stock for total aggregate gross proceeds of at least $2,500,000. As of the date of this prospectus, the related party investor has not yet demanded repayment of the note.

All accrued and unpaid interest and principal on the promissory note issued on June 18, 2020 is due and payable on demand by the holder on June 17, 2023. All accrued and unpaid interest and principal under both promissory notes shall be automatically due upon a change in control, defined generally as a consolidation or merger of our company, any transaction or series of transactions in which in excess of 50% of our voting power is transferred, a sale of all or substantially all of our assets or an exclusive license of all or substantially all our material intellectual property. We have used the proceeds of the promissory notes to fund organizational costs and expenses. As of December 31, 2020 and June 30, 2020, we had $209,352 and $201,286 of outstanding debt, respectively.

Office Lease, Manufacturing Contract and CRO Contract

In August 2020, we signed a one-year lease subleasing office space from a related party. The annualized lease obligation is approximately $14,000. In October 2020, we entered into an agreement with a third-party contract manufacturing organization. The total cost for the manufacturing contracts is approximately $973,000. Subsequently in February 2021, we entered into an agreement with a third-party contract research organization ("CRO") to manage and conduct our Phase 2 clinical trial in the fourth calendar quarter of 2021 with the anticipation of completing the trial by the first calendar quarter of 2022. The total cost for the CRO agreement is approximately €1,450,758 or $1,760,000.

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.

Going Concern Qualification

The financial statements and related notes included elsewhere in this prospectus have been prepared as though we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. We have incurred operating losses and negative cash flows from operations since inception. As of December 31, 2020, we had an accumulated deficit of $759,620. Management expects to continue to incur operating losses and negative cash flows from operations in fiscal year 2021. In addition, we are subject to a series of potential development milestone payments associated with the License Agreement, with a range of payments from $350,000 to $3,000,000. We have financed our operations to date with proceeds from the sale of our series A preferred stock and issuance of the two promissory notes to a related party.

We will need to raise additional capital in order to continue to fund operations, including milestone obligations under the License Agreement. We believe we will be able to obtain additional capital through equity or convertible debt financings or other arrangements to fund operations; however, there can be no assurance that such additional financing, if available, can be obtained on acceptable terms. If we are unable to obtain such additional financing, future operations would need to be scaled back or discontinued.

Accordingly, these factors raise substantial doubt about our ability to continue as a going concern within one year after the date the financial statements are available to be issued. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Off-Balance Sheet Arrangements

During the six months ended December 31, 2020, we did not have any off-balance sheet arrangements as defined under SEC rules.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the dates of the balance sheets and the reported amounts of expenses during the reporting periods. In accordance with U.S. GAAP, we evaluate our estimates and judgments on an ongoing basis. Significant estimates include assumptions used in the determination of some of our costs incurred under our Services Agreement and which costs are charged to research and development and general and administrative expense. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We define our critical accounting policies as those under U.S. GAAP that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles. While our accounting policies are more fully described in Note 3 to our financial statements appearing elsewhere in this prospectus, we believe the following are the critical accounting policies used in the preparation of our financial statements that require significant estimates and judgments.

Accrued Research and Development Expenses

As part of the process of preparing our 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 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 file, 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

We recognize stock-based compensation expense related to stock options granted to employees and non-employees based on the estimated fair value of the awards on the date of grant. We estimate the grant date fair value, and the resulting stock-based compensation expense, for stock options that only have service vesting requirements or performance-based vesting requirements without market conditions using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards with service vesting requirements is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. Determining the appropriate amount to expense for performance-based awards based on the achievement of stated goals requires judgment. The estimate of expense is revised periodically based on the probability of achieving the required performance targets and adjustments are made as appropriate. The cumulative impact of any revisions is reflected in the period of change. If any applicable financial performance goals are not met, no compensation cost is recognized, and any previously recognized compensation cost is reversed.

The Black-Scholes option-pricing model requires the use of highly subjective assumptions, which determine the fair value of stock- based awards. These assumptions include:

Expected term - Our expected term represents the period that the stock-based awards are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term). For stock-based awards granted to non-employees, the expected term represents the contractual term of the award.

Common stock price - The Board of directors estimates the fair value of common stock. Given the absence of a public trading market for its common stock, and in accordance with the American Institute of Certified Public Accountants' Practice Guide, Valuation of Privately Held-Company Equity Securities Issued as Compensation, the board of directors exercises reasonable judgment and considers a number of objective and subjective factors to determine its best estimate of the fair value of the common stock, as further described below under "Common stock valuations."

Expected volatility – We are a privately held company and did not have any trading history for its common stock and the expected volatility was estimated using weighted-average measures of implied volatility and the historical volatility of its peer group of companies for a period equal to the expected life of the stock options. The peer group of publicly traded biopharmaceutical companies was chosen based on their similar size, stage in the life cycle or area of specialty.

Risk-free interest rate - The risk-free interest rate is based on the rates paid on securities issued by the U.S. Treasury with a term approximating the expected life of the stock options.

Expected dividend – We have never paid, and do not anticipate paying, cash dividends on our common stock. Therefore, the expected dividend yield was assumed to be zero.

In addition to the Black-Scholes assumptions, we adopted ASU 2016-09 in June 2020. As a result, we made an entity-wide accounting policy election to account for pre-vesting award forfeitures when they occur.

In September 2020, we awarded 163,750 shares of restricted common stock to Daniel Schneeberger, our Chief Executive Officer, at a grant date fair value of $0.65 per share. The restrictions are subject to the satisfaction of certain performance targets and vesting requirements pursuant to the award and employment agreement.

As of December 31, 2020, we had not issued any stock option awards.

Common Stock Valuations

Prior to this offering, the fair value of our common stock was estimated on each grant date by our board of directors. In order to determine the fair value of our common stock, our board of directors considered, among other things, timely valuations of our common stock prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately Held-Company Equity Securities Issued as Compensation. Given the absence of a public trading market for our common stock, our board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of our common stock, including (i) our business, financial condition and results of operations, including related industry trends affecting our operations; (ii) our forecasted operating performance and projected future cash flows; (iii) the illiquid nature of our common stock; (iv) the rights and privileges of our common stock; (v) market multiples of our most comparable public peers and (vi) market conditions affecting our industry.

After the closing of this offering, our board of directors will determine the fair value of our shares of common stock underlying stock-based awards based on the closing price of our common stock as reported by Nasdaq on the date of grant.

Income taxes

We provide for income taxes under the asset and liability method. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

When uncertain tax positions exist, we recognize the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of December 31, 2020, we did not have any significant uncertain tax positions.

As of June 30, 2020 and December 31, 2020, our total deferred tax assets were approximately $35,000 and $125,000, respectively. Due to our lack of earnings history and uncertainties surrounding our ability to generate future taxable income, the net deferred tax assets have been fully offset by a valuation allowance. The deferred tax assets were primarily comprised of federal and state tax net operating loss ("NOL") carryforwards. In June 2020, we issued series A preferred stock. We may experience additional ownership changes in the future as a result of subsequent shifts in our stock ownership, including this offering, some of which may be outside of our control. If a further ownership change were to occur, our ability to use our NOL carryforward might be limited.

Recent Accounting Pronouncements

See Note 3 to Notes to Audited and Unaudited Interim Financial Statements included elsewhere in this prospectus for more information.

The JOBS Act

We are an "emerging growth company," or EGC, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies.

We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an EGC or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period, and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We will remain an EGC until the earliest of (i) the last day of our fiscal year (a) following the fifth anniversary of the completing of this offering, (b) in which we have total annual gross revenues of at least $1.07 billion or (ii) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the prior December 31 and (iii) the date on which we have issued more than $1.0 billion in non-convertible debt securities over a three-year period.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Fluctuation Risk

We are exposed to market risk related to changes in interest rates. As of December 31, 2020, our cash and cash equivalents consisted of cash and demand deposit accounts. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. Because of the short-term nature of the instruments in our portfolio and the low interest rates on our interest-bearing operating accounts, an immediate 10% change in market interest rates would not have a material impact on the fair market value of our investment portfolio or on our financial position or results of operations.

As of December 31, 2020, we had $209,352 of borrowings outstanding. The two promissory notes bear simple interest at a fixed annual rate of 8.0%. An immediate 10% change in the prime rate on this borrowing level would have no material impact on our debt-related obligations, financial position or results of operations.

Foreign Currency Fluctuation Risk

We are not currently exposed to significant market risk related to changes in foreign currency exchange rates; however, we have contracted with and may continue to contract with foreign vendors that are located in Europe. Our operations may be subject to fluctuations in foreign currency exchange rates in the future.

Inflation Fluctuation Risk

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation had a material effect on our business, financial condition or results of operations for the six months ended December 31, 2020.

Covid-19 Business Update

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (Covid-19) outbreak a pandemic. As of December 31, 2020, our operations have not been significantly impacted by the Covid-19 outbreak. However, we cannot at this time predict the specific extent, duration, or full impact that the Covid-19 outbreak will have on our financial condition and operations, including ongoing and planned clinical trials.

BUSINESS

Overview

We are a clinical-stage biotechnology company developing novel solutions for people suffering from cannabinoid overdose and substance addiction. Our lead product candidate, ANEB-001, is intended to reverse the negative effects of cannabinoid overdose within 1 hour of administration. The signs and symptoms of cannabinoid overdose range from profound sedation to anxiety and panic to psychosis with hallucinations. There is no approved medical treatment currently available to specifically alleviate the symptoms of cannabinoid overdose. If approved by the FDA, we believe ANEB-001 has the potential to be the first FDA approved treatment of its kind on the market for reversing the effects of THC, the principal psychoactive constituent of cannabis. Clinical trials completed to date have shown that ANEB-001 is rapidly absorbed, well tolerated and leads to weight loss, an effect that is consistent with central CB1 antagonism. We intend to launch a Phase 2 proof - of - concept trial for cannabinoid overdose in the fourth quarter of 2021.

Cannabinoid overdoses have become a widespread health issue in the United States, particularly in the increasing number of states that have legalized cannabis for personal and recreational use. The ingestion of large quantities of THC is a major cause of cannabinoid overdose. Excessive ingestion of THC via edible products such as candies and brownies, and overdoses of synthetic cannabinoids (also known as "synthetics," "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.

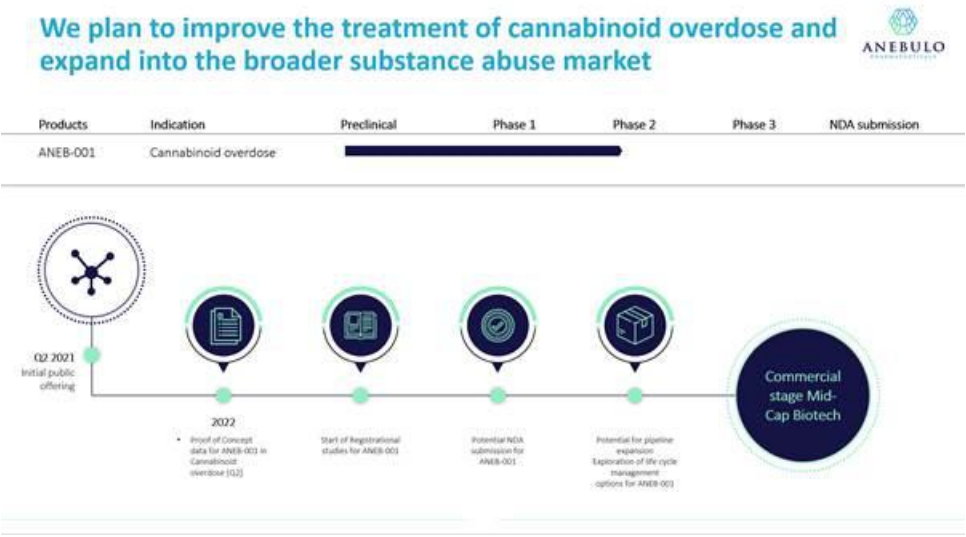
In recent years, hospital emergency rooms across the United States have seen a dramatic increase in patient visits with cannabis-related conditions. Before the legalization of cannabis, an estimated 450,000 patients visited hospital emergency rooms for cannabis-related conditions. In 2014, this number 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 hospitalizations grew to 1.74 million patients in 2018 and was growing at an approximately 15% compounded annual growth rate between 2012 and 2018. We believe the number of cannabis-related hospitalizations and other health problems associated with cannabinoid overdoses 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 cannabinoid overdose.

Our Lead Product Candidate

Our objective is to develop and commercialize new treatments options for patients suffering from 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 cannabinoid overdose. ANEB-001 is an orally bioavailable, rapidly absorbed treatment that we anticipate will reverse the symptoms of cannabinoid overdoses, in most cases within 1 hour of administration. Our proprietary position in the treatment of cannabinoid overdose is protected by rights to two patent applications covering various methods of use of the compound and delivery systems. We anticipate starting our first Phase 2 trial for ANEB-001 in the fourth quarter of 2021.

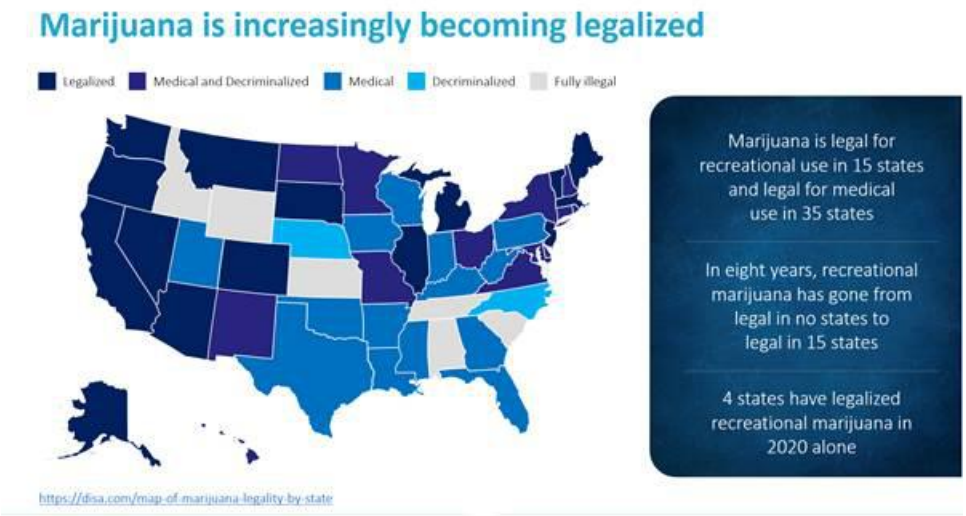
Cannabinoids are a class of chemical compounds that are naturally occurring and are primarily found in cannabis plant extracts. The two major cannabinoids found in cannabis plant extracts include THC and CBD. These compounds bind themselves to CB1 and CB2 cannabinoid receptors, which are found throughout the body. Specifically, CB1 receptors are concentrated in the brain and central nervous system, while CB2 receptors are found mostly in peripheral organs and are associated with the immune system. When the chemical compounds bind themselves to these cannabinoid receptors, the process elicits certain physiological responses. Physiological responses to cannabinoids may vary among individuals. Some of the effects of cannabinoids have been shown to impact nervous system functions, immune responses, muscular motor functions, gastrointestinal maintenance, blood sugar management, and the integrity of ocular functions.

Individuals can use or consume cannabinoids in natural or unnatural formulations, orally or by inhalation, and intentionally and unintentionally, all of which can result in an overdose. Natural formulations include edibles and marijuana cigarettes and unnatural formulations include synthetics. Individuals consume cannabinoids orally by ingesting edibles or synthetics and by inhalation through smoking marijuana cigarettes or synthetics. Cannabinoids can also be ingested unintentionally through these same methods where, for example, children consume edibles by mistaking them for common consumer items like candy that would not otherwise contain THC. Symptoms of cannabinoid overdoses produced by edibles and synthetics can include psychosis, panic and anxiety, feelings of paranoia, agitation, hallucinations, nausea, vomiting, cardiac arrhythmias, seizures and death. Many of these symptoms can require emergency medical attention and can take hours to days to resolve depending on the particular product and amount ingested. Currently, there is no specific treatment to reverse cannabis overdose and physicians have to rely on supportive care, including benzodiazepines, and wait for the body to metabolize the THC or synthetic cannabinoid.

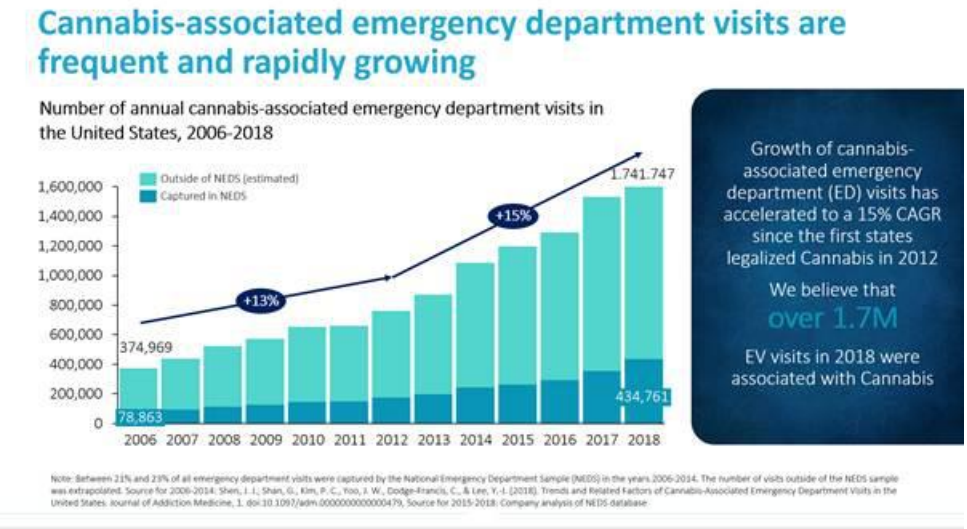


Our Market Opportunity

Cannabinoid overdoses have become a widespread health issue in the United States as an increasing number of states have legalized cannabis for personal and recreational use. As of December 31, 2020, cannabis was legal for recreational use in 15 states and legal for medical use in 35 states. Additionally, the Centers for Disease Control and Prevention and recent news reports have described how the stress, anxiety and depression from the prolonged stay-at-home conditions surrounding the Covid-19 pandemic appears to be resulting in excessive drug and cannabis use by individuals, whether in jurisdictions where such use is legal or not.



Cannabinoid overdoses frequently occur due to the ingestion of edibles, which can contain relatively large amounts of THC, and consumption of synthetics. Symptoms of cannabinoid overdoses produced by edibles and synthetics can include psychosis, panic and anxiety, feelings of paranoia, agitation, hallucinations, nausea, vomiting, cardiac arrhythmias, seizures and death. These symptoms can require emergency medical attention and can take hours to days to resolve. According to an article published in the Journal of Addiction Medicine that analyzed data from NEDS, an estimated 1.1 million emergency department visits were associated with cannabis in 2014. We have performed our own independent analysis of all currently available NEDS datasets and estimated that the number of cannabis-associated emergency department visits increased to 1.74 million patients in 2018. The number of cannabis-associated emergency department visits has grown at a 15% compounded annual growth rate from 2012 to 2018, which is when states first began legalizing recreational cannabis use.

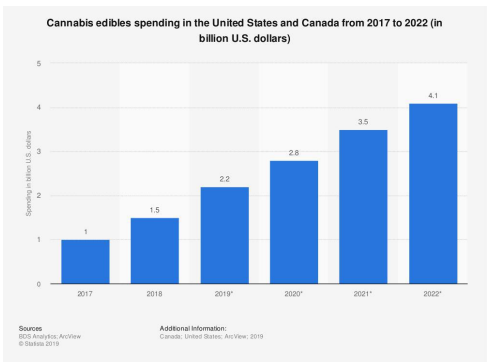


Source for 2006-2014: Shen, J. J., Shan, G., Kim, P. C., Yoo, J. W., Dodge-Francis, C., & Lee, Y.-J. (2018). Trends and Related Factors of Cannabis-Associated Emergency Department Visits in the United States. Journal of Addiction Medicine, 1. doi:10.1097/adm.0000000000000479, Source for 2015-2018: Company analysis of NEDS database.

We believe that both the number of cannabis-associated emergency department visits and the unmet medical need will continue to grow due to the increasing availability and consumption of edibles. In THC-containing edibles, the median dose of THC can be many times more potent than the recommended safe dosage and as much as 8 times more potent than a rolled marijuana cigarette. Edibles are frequently manufactured as common consumer products, such as brownies, cookies, candies and gummy snacks with brightly-colored packaging. THC concentrations in edibles peak after a delay of about 2 to 4 hours from ingestion. This contrasts with smoking cannabis, which causes THC concentrations to peak in about 3 to 10 minutes from inhalation. Consumers are likely to approach edibles with the same serving size expectations as consumer products without THC. Moreover, children are particularly at risk for accidentally consuming edibles due to their brightly-colored packaging and formulation into candies and sweets. The confluence of these factors can be dangerous and increases the risk of cannabinoid overdose. Emergency department visits were 33 times more likely for edibles as compared with other routes of cannabis consumption, according to the recent article "Mental Health-related Emergency Department Visits Associated with Cannabis in Colorado," published in Academic Emergency Medicine (May 2018). Sales of edibles are rapidly growing, according to data collected by Statista, and are expected to continue growing for the foreseeable future.

In November 2020, we engaged a consultation and data services provider to conduct a survey of U.S. physicians concerning patient emergency room visits for cannabinoid overdoses within the past 12 months. Based on its survey of 27 emergency room physicians throughout the United States, the survey provider reported that the surveyed physicians saw on average 10.5 patients (a range of 2 to 45 patients) with cannabis intoxication per month. The survey asked these physicians to rank on a scale of 1 to 10 (i) the need for a cannabinoid antagonist to treat cannabis intoxication; (ii) the likelihood of their prescribing a cannabinoid antagonist that reverses cannabis intoxication within 30 minutes of administration; and (iii) the likelihood of such cannabinoid antagonist reducing the need for supportive medication to manage certain cannabis intoxication symptoms, such as agitation and acute psychosis. In response to these questions, the surveyed physicians ranked the need for a cannabinoid antagonist at an average of 7.52 out of 10, the likelihood of prescribing a cannabinoid antagonist that reverses cannabis intoxication within 30 minutes of administration at an average of 7.44 out of 10, and the likelihood of a specific cannabinoid antagonist reducing the need for supportive medication to manage certain cannabinoid overdose symptoms at an average of 7.48 out of 10.

We believe that the market opportunity for our lead product candidate, ANEB-001, will continue to expand and accelerate if additional states pass laws to legalize recreational cannabis use. On December 4, 2020, the U.S. House of Representatives voted in favor of a bill to decriminalize marijuana at the federal level by removing cannabis from the list of controlled substances under the Controlled Substances Act. Although it is currently uncertain whether this bill will be subsequently approved by the U.S. Senate and signed into law by the President, in the event the use of cannabis is legalized in the United States at the federal level, we believe that the greater anticipated number of users will significantly increase the potential need for our lead candidate.



We believe that overdose due to synthetic cannabinoids is an area with particularly high unmet medical need. Synthetics are among the fastest growing class of psychoactive drugs worldwide and can be as much as 85 times as potent as THC. Unlike edibles and other cannabis products, synthetics have low shipping weights and can more readily evade traditional drug screening methods. This likely reflects the structural promiscuity of the CB1 receptor. In addition, the negative effects of an overdose from synthetics can be longer lasting and more severe when compared with THC. These negative effects could include seizures, and even death.

Our Growth Strategy

Our goal is to create a therapeutic to treat the symptoms of cannabinoid overdose and substance addiction. As noted above, there are currently no FDA approved medical treatments on the market to specifically alleviate the negative psychological effects of cannabinoid overdose. The absence and growing unmet need for such a treatment gives us the unique opportunity to create a novel solution and become a leader in the cannabinoid treatment space. To achieve our goal, our strategy will be guided by the following principles:

- **Develop and commercialize our ANEB-001 antagonist in the United States.** We anticipate commencing our Phase 2 proof-of-concept study in the fourth quarter of 2021. We believe the data from this study may facilitate discussions of a regulatory path for ANEB-001 in the United States.

- **Explore strategic collaborations to commercialize ANEB-001.** Our plan is to widely commercialize ANEB-001. To accomplish this objective, we may partner with companies that possess a direct sales force and sales representatives.

- **Strive for capital efficiency in developing ANEB-001.** We aim to be capital efficient in our development of ANEB-001 by outsourcing our clinical research and data management. We anticipate this will lower our clinical development costs and improve our ability to efficiently commercialize ANEB-001 once approved by the FDA.

- **Introduce promising product candidate extensions.** We are in the initial stages of introducing a non-oral formulation of ANEB-001 with the same API that we intend to develop for the use in cannabinoid hyperemesis syndrome (CHS), which is a condition that can develop following long-term use of marijuana and is characterized by cyclical episodes of nausea and vomiting that are not usually responsive to standard care. We believe that antagonizing the paradox emetogenic action of THC at the receptor and helping patients abstain from THC represent the most promising and causal treatment for CHS.

- **Develop future product candidates to treat substance-related addiction.** We intend to leverage our expertise in the endocannabinoid system to develop additional product candidates for the treatment of substance addiction. CB1 antagonists have been shown to be promising in treating substance-related addiction. We believe that there is a large and growing unmet medical need for new treatment options because of the opioid and methamphetamine epidemic.

Our Clinical Trials and Milestones

We are developing ANEB-001 to quickly and effectively combat the symptoms of cannabinoid overdose.

Preclinical Data

The preclinical characterisation of ANEB-001 was performed at Vernalis' internal laboratory in the United Kingdom between 2003 and 2006. The compound was tested as a displacer in established radioligand binding assays for the CB1 receptor. ANEB-001 displaced the antagonist radioligand, [3H]-SR141716A from the human CB1 receptor with high affinity (0.55 nM) and was shown to be a competitive antagonist in cAMP assays. In vitro testing as a displacer in 90 binding assays and 19 enzyme and functional assays, showed that ANEB-001 had >1000x selectivity with the human CB1 receptor over all other tested receptors. Further, Vernalis demonstrated that oral administration of ANEB-001 reduced hypolocomotion in mice after 30 minutes, effectively reversing the action of THC. C57 mice administered THC 3 mg/kg in 10 minutes pre-test exhibited reduced locomotor activity when placed in automated locomotor activity cages for 15 minutes. V24343 given orally at a dose of 30 mg/kg 30 minutes pre-test significantly revered the action of THC on the total activity time parameter ($p<0.01$ by one way ANOVA and Newman Keuls test, n=7 per group).

In 2006 and 2007, two Phase 1 studies for the treatment of obesity were conducted by Vernalis for ANEB-001.

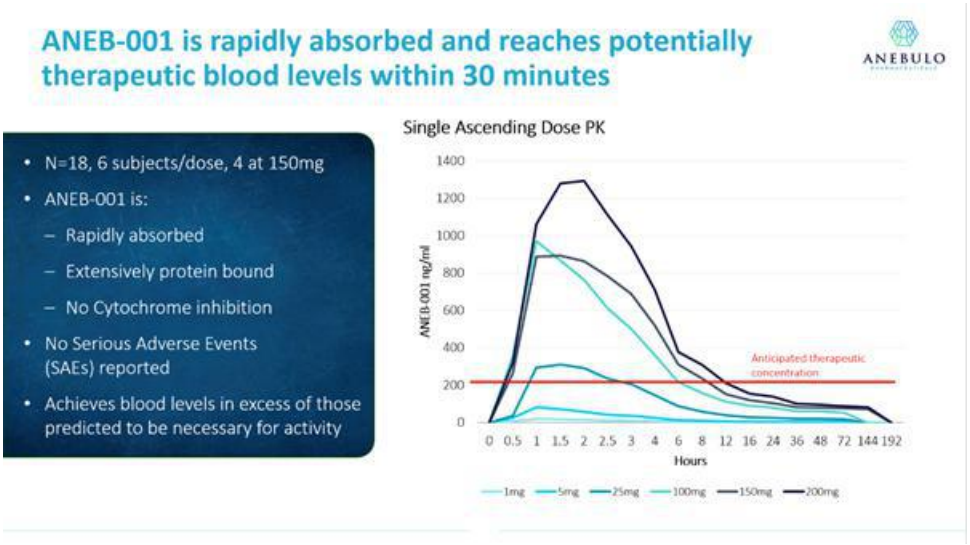
Phase 1a

The Phase 1a study *(V24343-1Ob-01)* administered single (Part A) and multiple (Part B) ascending doses of ANEB-001 for up to 14 days in otherwise healthy overweight and mildly obese subjects.

- Part A randomized 18 healthy volunteers to receive either a placebo (n=18) or two single oral doses of ANEB-001, with doses ranging from 1 mg to 200 mg. No severe adverse events were observed in either group in Part A. There was no difference between treatment groups in Part A in overall incidence, number of or severity of adverse events. Probable drug-related events in the treatment arm were nausea (22%), dizziness (11%), hiccups (8%), and decreased appetite (8%).

- Part B randomized 32 obese volunteers to receive either a placebo (8 obese volunteers) or 4 different doses of ANEB-001 for 14 days (24 obese volunteers). No severe adverse events were observed in either group in Part B, but an increased number of mild and moderate adverse events was observed in the obese volunteers who received the 2 higher dose arms (200/50 mg and 100 mg). The observed adverse events included nausea, vomiting, diarrhea, dizziness, hiccups, decreased appetite, hyperhidrosis and feeling hot. We believe these adverse events are "on-target," meaning they reflect CB1 antagonism, because these adverse events have also been observed with other CB1 antagonists.

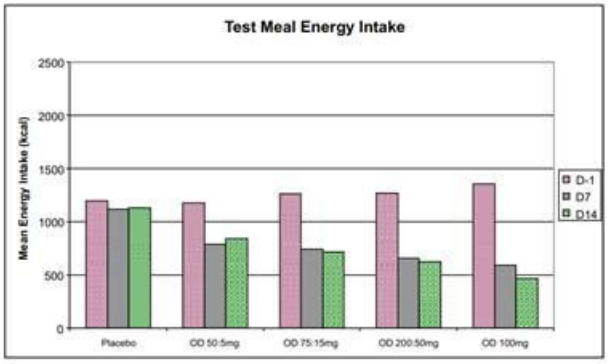
Pharmacokinetic measurements in Part A of the Phase 1a study demonstrated that ANEB-001 was rapidly absorbed by the body following oral administration and achieved blood concentrations anticipated to exceed those necessary to block the cannabinoid receptor (as indicated by the red line in the diagram below)



Vernalis also measured the impact of ANEB-001 on anxiety and depression in Part B of the Phase 1a study. Vernalis measured anxiety by using the Spielberger state score, a commonly used measure of trait and state anxiety. Vernalis found no significant impact on anxiety, except for the 200/50 mg arm, which showed increased anxiety at all assessment times. The change was driven by a single subject and may be explained by somatic adverse events, which contributed to the Spielberger score. For depression, HAMD21 was used and small increases were noted in the 75/15 mg and 200/50 mg dose, which we believe were likely driven by somatic symptoms.

Summarizing the results from the Phase 1a study, ANEB-001 doses between 1 mg and 150 mg were found to be very well tolerated in both single and multiple doses with an adverse events profile similar to placebo. There was no observed effect on the cardiovascular system, ECGs, labs or physical exams and no significant effects on anxiety or depression scores.

With regard to pharmacodynamics, a marked reduction in test meal energy intake was seen even at the lowest dose level in Phase 1a Part B ($p<0.01$ on Day 14 for OD 100mg, $p<0.05$ on Day 7 for OD 100mg, not statistically significant for all other cohorts). Further, Vernalis observed statistically significant decreases in body weight ($p<0.001$ on Day 14 for OD 100mg, $p<0.05$ for OD 50/5mg and OD 200/50mg, not significant for OD75/15mg) indicating that ANEB-001 was able to cross the blood-brain barrier and antagonize central cannabinoid receptors.



Phase 1b

The Phase 1b study (V24343-1Ob-02) compared the pharmacokinetics of a single oral dose (1 to 200 mg) of ANEB-001 to subjects in fed and fasted states, and to

subjects that were lean and overweight. There were no apparent differences in the tolerability of ANEB-001 between the subjects that were in fed and fasted states or subjects that were lean and overweight. Total AUC (or area under the curve) was approximately 30% higher in subjects in the fed state compared to the subjects in the fasted state, with similar systemic exposure for the lean and overweight subjects.

The results of the Phase 1 studies demonstrate that ANEB-001 was well-tolerated among healthy and obese subjects. There were no serious adverse events. The most commonly reported adverse event was gastrointestinal discomfort, which also occurred in subjects that were administered placebos. Based on the promising results of the Phase 1 studies, we believe ANEB-001 may offer the following clinical and product benefits:

- **Oral bioavailability.** ANEB-001 will be available as an oral treatment in the form of a pill, capsule or tablet.
- **Rapid absorption.** We believe ANEB-001 can rapidly reverse the signs and symptoms of cannabinoid overdose in as little as 1 hour.
- **Low likelihood of drug-to-drug interactions.** Preclinical testing demonstrated that ANEB-001 did not inhibit the metabolic enzymes cytochromes 1A2, 2C9, 2C19, 2D6 and 3A4 at pharmacologically relevant concentrations.
- **Better treatment option.** As an orally administered treatment tested to work in as little as 1 hour, ANEB-001 has the potential to be faster acting than intravenous (IV) treatments that may be developed by competitors. ANEB-001 has the potential to be the first treatment of its kind as there are no approved treatments currently available to specifically reverse the symptoms of cannabinoid overdose.
- **No serious adverse events.** A single dose of the drug is unlikely to produce adverse events associated with chronic dosing. The most commonly reported adverse effect in our Phase 1 study was gastrointestinal discomfort, which also occurred in subjects who were administered a placebo.

We plan to commence a Phase 2 proof - of - concept study in the fourth calendar quarter of 2021 at a center in the Netherlands to test the efficacy of a single dose of ANEB-001 on a population of approximately 100 human subjects who have been administered 10 milligrams of THC that will then be randomized to receive a placebo, low dose, medium dose or high dose of ANEB-001. We anticipate completing the Phase 2 study within approximately six months after commencing the study and having data potentially available in the first half of 2022. We believe this study will lay the foundation for us to engage with the FDA and/or comparable foreign regulatory authorities, file IND with the FDA in the United States and conduct more extensive clinical trials with the goal of generating additional clinical data that will ultimately enable us to file a marketing application with the FDA.

We have engaged contract research organizations ("CROs") to assist us with conducting clinical trials and to provide us with consulting and development services in the various phases of the drug development process. We currently have a consultancy agreement with Traxeus Pharma Services Limited ("Traxeus"), which we entered into on July 15, 2020 (the "Consultancy Agreement"). Pursuant to the Consultancy Agreement, Traxeus provides certain pharmaceutical development services and deliverables to us in relation to the retest of an existing batch of drug substance. These services include the manufacturing and testing of a demonstration batch of the drug substance and the completion of formulation and process development for the drug product. Under the Consultancy Agreement, Traxeus is permitted to provide services to third parties that are not directly competitive to us and we are permitted to engage other CROs. The Consultancy Agreement can be terminated immediately by either party if a material breach is committed and not remedied within 60 days or a party is unable to carry on business, becomes insolvent or is subject to similar processes in any jurisdiction. In addition, we may terminate any statement of work arising under the Consultancy Agreement by providing Traxeus at least 30 days' written notice. We plan to continue to engage CROs like Traxeus and other pharmaceutical services providers to assist us with clinical trials, the development of our lead product candidate ANEB-001.

Vernalis License Agreement

On May 26, 2020, we entered into an exclusive license agreement (the "License Agreement") with Vernalis (R&D) Limited ("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's 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 $150,000, total potential developmental milestone payments of up to $29,900,000, total potential sales milestone payments of up to $35,000,000, and low to mid-single digit royalties on net sales.

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's 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.

With respect to intellectual property, both parties agreed to retain sole ownership over their respective intellectual property as of the date of the License Agreement. In addition, 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 ANEB-001 during the term of the License Agreement.

The License Agreement continues for an indefinite term unless and until it is terminated or until such time as all royalties and other sums cease to be payable thereunder. Our obligations to pay royalties commence upon the first commercial sale of our product and cease upon the later to occur of: (i) the tenth anniversary of the first commercial sale of our product, or (ii) the expiration date of the regulatory exclusivity of our product. We may terminate the License Agreement in its entirety at any time by providing 60 days' prior notice to Vernalis. Moreover, a party may terminate the License Agreement for cause (i) upon written notice when the other party commits a material breach not remedied within the specified timeframes and defaults on its obligations thereunder, or (ii) when the other party is insolvent as more particularly described therein. In the event of 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 materials, information pertaining to ANEB-001, and any unused API purchased from Vernalis. If Vernalis terminates the License Agreement due to our material breach or insolvency, or if we terminate the License Agreement at will, both parties will negotiate in good faith to grant Vernalis a license to such intellectual property and regulatory materials needed to develop and commercialize ANEB-001 and provide appropriate compensation to us within six months of the termination date.

Competition

The clinical biotechnology industry is a competitive industry characterized by technological innovation and growth. Our competitors include other biotechnology and

pharmaceutical companies, academic institutions, and public and private research institutions. These entities engage in efforts to research, discover and develop new medicines and treatments for substance use. These entities also seek patent protection and licensing revenues for their research results and may compete with us in recruiting skilled talent. Some of these entities are larger and better funded than us. Our management can make no assurances that we can effectively compete with these competitors. Potential current competitors include Opiant Pharmaceuticals, Inc., which is developing a drinabant injection to treat cannabinoid overdose, and Aelis Farma, which is developing a medication based on a pregnanolone derivative to treat cannabis use disorders.

Research and Development

We are making, and expect to continue to make, substantial expenditures to fund proprietary research and development of our ANEB-001 product candidate and to support preclinical testing and clinical trials necessary for regulatory filings. Our research and development team, including a third-party contract research organization, is continuously undertaking efforts to advance research and development goals. During the period from April 23, 2020 (date of inception) to June 30, 2020 and the six months ended December 31, 2020, we incurred research and development expenses of $150,000 and $190,268, respectively.

Regulation

Government Regulation and Product Approval

We operate in an extensively regulated industry. Governmental authorities at all levels in the United States and in other countries regulate aspects of bringing therapeutics, drugs, and other biologics to market, including research, testing, safety, product approval, development, manufacture, efficacy, quality control, packaging, storage, record-keeping, promotion, labeling, advertising, marketing, distribution, sales, imports and exports of our products.

Under the Controlled Substances Act (the "CSA"), cannabis is currently considered a Schedule I controlled substance and is, therefore, illegal under federal law. A Schedule I controlled substance is defined as a drug or substance that has a high potential for abuse, has no currently accepted medical use in the United States, and lacks accepted safety for use under medical supervision. Although an increasing number of states have legalized cannabis under state laws, the use, possession and cultivation of cannabis remains a violation under federal law. The United States Supreme Court has upheld the federal government's right to regulate and criminalize cannabis, even for medicinal uses. Federal law criminalizing the use of cannabis preempts contrary or conflicting state laws. As a result, if the federal government enforces the CSA in states that have legalized cannabis for medicinal and/or recreational uses, individuals that are charged with distributing, possessing with intent to distribute or cultivating cannabis could be subject to fines and/or terms of imprisonment. The maximum penalty is life imprisonment and a $50 million fine.

As therapeutic product for human use, ANEB-001 will be subject to regulation in the United States by the FDA under the Federal Food, Drug and Cosmetic Act ("FDCA") and similar regulatory requirements in other countries. Regulatory requirements include, among other things, rigorous preclinical and clinical testing. The processes for commercializing our product, obtaining regulatory approval and maintaining compliance with applicable statutes and regulations require the substantial expenditure of time and financial resources and play a significant role in our research and development, production, and marketing activities. Failure to comply with these regulatory processes and other requirements could delay our ability to receive regulatory approvals, adversely affect the commercialization of our product, and hinder our ability to receive royalties or revenues.

In the United States, the FDA regulates drugs under the FDCA and its implementing regulations. Failure to comply with such regulations during and after the product development and approval process could result in administrative or judicial sanctions. Such sanctions include the FDA's refusal to approve pending applications, withdrawal of an approval, placement a clinical hold, untitled or warning letters, product recalls, seizure of products, partial or complete suspension of production or distribution, injunctions, fines, refusal of government contracts, restitution, disgorgement, civil penalties and criminal penalties. The FDA generally requires the following before a drug can be marketed in the United States:

- Completion of preclinical laboratory tests, animal studies and formulation studies according to Good Laboratory Practices regulations;
- Submission of an Investigational New Drug Application ("IND"), which must become effective before the commencement of human clinical studies;
- Approval by an independent internal review board ("IRB"), at each clinical site before the initiation of each trial;
- Performance of adequate and well-controlled human clinical studies according to Good Clinical Practice ("GCP") regulations, to establish the safety and efficacy of the proposed drug for its intended use;
- Preparation and submission of a New Drug Application ("NDA");
- Satisfactory completion of an FDA inspection of the manufacturing facility or facilities where the product, or its components, are produced to ensure compliance with current Good Manufacturing Practice ("CGMP") regulations and to ensure that the facilities, methods, and controls are adequate to preserve the drug's identity, strength, quality, and purity; and
- FDA review and approval of the NDA.

Given that the testing and approval process requires a substantial commitment of time, effort and financial resources, we cannot ensure that our product will be granted approval on a timely basis.

As part of the IND, an IND sponsor must submit the preclinical test results, along with manufacturing information, analytical data and any available clinical data or literature, to the FDA. The sponsor must also include a protocol detailing the objectives of the initial clinical study, the parameters for monitoring safety, and the effectiveness criteria to be assessed (among other things) if the initial clinical study lends itself to an efficacy evaluation. Some preclinical testing may continue after submission of the IND. The IND becomes automatically effective 30 days after receipt by the FDA, unless the FDA raises questions or concerns in response to a proposed clinical study and places the study on a clinical hold within the 30-day timeframe. In such a case, the IND sponsor and the FDA must resolve any outstanding issues before commencing the clinical study. The FDA may impose clinical holds due to safety concerns or non-compliance on all product candidates within a certain pharmaceutical class at any time before or during clinical studies. In addition, the FDA can impose partial clinical holds prohibiting the initiation of clinical studies for a certain dose or of a certain duration.

In accordance with GCP regulations, all clinical studies must be conducted under the supervision of one or more qualified investigators. These regulations require informed consent in writing from all research subjects before their participation in any clinical study. An IRB must review and approve the plan for any clinical study before it commences at any institution, and the IRB must continuously review and re-approve the study at least annually. Among other things, the IRB considers whether the risks to individual participants in the clinical study are minimal and reasonable in relation to the anticipated benefits. The IRB also approves the information regarding the clinical study and the consent form that must be given to each clinical study subject or his or her legal representative. The IRB must also monitor the clinical study until completed. Each new clinical protocol and any amendments thereto must be submitted to the FDA for review, and to the IRB for approval. The protocols detail the objectives of the clinical study, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety (among other things). Study sites are subject to inspection for compliance with GCP.

Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health, for public dissemination on the ClinicalTrials.gov website.

Human clinical studies are typically conducted in three sequential phases that may overlap or be combined:

- **Phase 1.** In Phase 1, the product is initially introduced to a limited number of healthy human subjects or patients and is tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion and, if possible, to gain early evidence on effectiveness. In the case of certain products intended to treat severe or life-threatening diseases, particularly when the product is suspected or known to be unavoidably toxic, initial human testing may be conducted in patients.

- **Phase 2.** Phase 2 involves clinical studies in a limited patient population to identify potential adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific diseases and to determine dosage tolerance, optimal dosage and schedule.

- **Phase 3.** In Phase 3, clinical studies are conducted on a larger patient population located in geographically dispersed clinical sites to further evaluate the dosage, clinical efficacy and safety of the product. Phase 3 clinical studies are intended to determine the overall risks and benefits of the product and provide an adequate basis for product labeling.

Progress reports explaining the results of the clinical studies must be submitted to the FDA at least annually. Safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events. There is no guarantee that Phase 1, Phase 2 and Phase 3 testing will be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical study at any time for various reasons, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Likewise, an IRB can suspend or terminate approval of a clinical study at its institution if the clinical study is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

U.S. Review and Approval Processes

Upon the successful completion of the required clinical testing, an NDA is submitted to the FDA requesting approval to market the product. The NDA reports the results of product development, preclinical and clinical studies, descriptions of the manufacturing process, analytical tests conducted on the drug, proposed labeling and other relevant information.

In connection with the submission of an NDA, the payment of a substantial application user fee is required (although a waiver is available under limited circumstances, including, for the first human drug application submitted by a small business or its affiliate). The sponsor of an approved NDA is also required to pay annual program user fees.

Under the Pediatric Research Equity Act of 2003, an NDA application (or supplements thereto) for a new active ingredient, new indication, new dosage form, new dosing regimen, or new route of administration must contain adequate data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective, unless the applicant has obtained a waiver or deferral.

In 2012, the Food and Drug Administration Safety and Innovation Act amended the FDCA to require submission of an initial Pediatric Study Plan ("PSP") for any sponsor that plans to submit a marketing application for a drug that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration. The initial PSP must be submitted within sixty days of an End-of-Phase 2 meeting or as may be agreed between the sponsor and the FDA. The initial PSP must contain an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. The FDA may grant deferrals for submission of data or full or partial waivers on its own volition or at the applicant's request. The FDA and the sponsor must agree on the PSP. A sponsor can amend an initial PSP at any time (even if initially agreed upon) if changes to the pediatric plan must be considered based on data collected from preclinical studies, early phase clinical studies, and/or other clinical development programs.

The FDA may also require a Risk Evaluation and Mitigation Strategy ("REMS") to mitigate any identified or suspected serious risks. The REMS typically includes risk minimization tools, medication guides, assessment plans, physician communication plans, and elements to ensure safe use, including restricted distribution methods, and patient registries.

The FDA reviews all NDA's submitted to ensure they are sufficiently complete for substantive review before it accepts them for filing. Rather than accept an application for filing, the FDA may request additional information. In such a case, an applicant must re-submit the application along with the additional information, which remains subject to further FDA review. Once an application is accepted for filing, the FDA performs an in-depth substantive review to determine whether the product is safe and effective for its intended use.

The FDA may refer the NDA to an advisory committee consisting of experts for review, evaluation and recommendation regarding its approval and any conditions that may apply thereto. The FDA, while not bound by the recommendation of an advisory committee, considers such recommendations when making decisions. Before approving an NDA, the FDA will also inspect one or more clinical sites to ensure clinical data supporting the submission comply with GCP.

The FDA may refuse to approve an NDA if regulatory requirements are not satisfied or additional clinical data and information is required. Even after such data and information is furnished, the FDA may refuse to approve an NDA for failure to satisfy regulatory requirements. Data from clinical studies may not always be conclusive. Moreover, the FDA may disagree with the applicant's interpretation of the data.

After evaluating an application, the FDA may issue an approval letter or a complete response letter indicating completion of the review cycle. A complete response letter typically sets forth specific conditions that must be satisfied to secure final approval of the application and may require additional clinical or preclinical testing for the FDA to reconsider the application. The FDA may identify minor deficiencies, such as requiring labeling changes, or major deficiencies, such as requiring additional clinical studies. The complete response letter may also recommend actions to ready the application for approval. An applicant can respond to a complete response letter by correcting all deficiencies and re-submitting the application, withdrawing the application or requesting a hearing.

Even after additional information is submitted, the FDA may determine that an application does not satisfy regulatory requirements and reject it. Once all conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter authorizing commercial marketing of the drug with specific prescribing information for specific indications.

Even after regulatory approval is obtained, approval may be restricted to specific diseases and dosages or limited indications for use. Such limitations could affect the commercial value of the product. On the product labeling, the FDA may require certain contraindications, warnings or precautions. In addition, the FDA may require post-approval studies, including Phase 4 clinical studies, to further evaluate safety and effectiveness. The FDA may also require testing and surveillance programs to monitor the safety of approved commercialized products. After approval, certain changes to the approved product remain subject to additional testing requirements, FDA review and approval. Such changes to the approved product include adding new indications, manufacturing changes, and additional labeling claims.

Abbreviated New Drug Applications ("ANDAs")

Most drug products receive FDA marketing approval pursuant to an NDA for innovator products, or an ANDA for generic products. The Hatch-Waxman amendments to the FDCA established a statutory procedure for submission and FDA review and approval of ANDA's for generic versions of branded drugs previously approved or listed by the FDA. Because brand companies (otherwise known as "innovators") have already demonstrated the safety and efficacy of listed drugs, the FDA does not require the same demonstration for generic products. Nevertheless, the FDA requires the manufacturer of generic drugs to perform bioequivalence studies of its test product against the listed drug. The bioequivalence studies for orally administered, systemically available drug products evaluate the rate and extent to which the active pharmaceutical ingredient is absorbed into the bloodstream from the drug product and becomes available at the site of action. Bioequivalence is achieved when there is no significant difference in the rate and extent for absorption of the generic product and the listed drug. An ANDA must contain chemistry, manufacturing, labeling and stability data as well as patent certifications.

Approved products manufactured or distributed in accordance with the FDA regulatory process remain subject to continuing FDA oversight post-approval. Continuing regulatory requirements include periodic reporting, record-keeping, product sampling, product distribution, and advertising and reporting on adverse experiences, deviations, and other issues with the product. In addition, most post-approval changes to the approved product, including adding new indications or other labeling claims, remain subject to prior FDA review and approval. There are also continuing obligations to pay annual user fees for marketed products, as well as new application fees for supplemental applications with clinical data.

The FDA strictly regulates the information presented on products on the market, including information on labeling, advertising, and promotion of products. Products may only be promoted for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the rules prohibiting the promotion of off-label uses. A company that improperly promotes off-label uses may be subject to significant liability. Manufacturers must also continue to comply with extensive CGMP regulations, which requires a commitment of time and financial resources. FDA review and approval is generally required for post-approval changes to the manufacturing process and other changes to the approved product, including the addition of new indications and additional labeling claims.

Manufacturers and others involved in the manufacturing and distribution of approved products must register their establishments with the FDA and certain state agencies. The FDA and state agencies may periodically inspect these establishments, sometimes without prior notice, to ensure compliance with CGMP regulations and other obligations. CGMP requirements apply to all stages of the product manufacturing process, including processing, production, sterilization, packaging, labeling, storage and shipment.

Prior FDA approval is often required for changes to the manufacturing process are implemented. FDA regulations require investigation and correction of departures from CGMP requirements. The FDA may also impose reporting and documentation obligations upon the sponsor and any third party manufacturers used by the sponsor. As a result, to remain compliant with CGMP regulations, manufacturers must continue to commit time, effort and financial resources to production and quality control.

The FDA may impose other post-approval requirements as a condition to approving an application, such as post-marketing testing (including Phase 4 clinical trials) and surveillance to monitor and assess the product's safety and effectiveness upon commercialization.

The FDA may withdraw approval of a product if an applicant fails to maintain compliance with regulatory requirements or if certain issues arise after the product is introduced to the market. For instance, a subsequent discovery of previously unknown issues, including adverse events of unexpected frequency or severity, problems with the manufacturing process, or failure to comply with regulatory requirements, could result in restrictions on the product or a complete withdrawal from the market.

In such cases, potential consequences include revisions to the approved labeling to include new safety information; post-market studies or clinical trials to evaluate new safety risks; and imposition of restrictions under a REMS program. Other potential consequences include:

- 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 NDAs or supplements to approved NDAs;
- 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.

Manufacturers and distributors must also comply with the Prescription Drug Marketing Act ("PDMA") and state laws that regulate distribution of prescription products. The PDMA regulates the distribution of prescription drugs, products and product samples at the federal level and sets minimum standards for the registration and regulation of distributors by the states. The PDMA and state laws restrict the distribution of prescription product samples and impose requirements to ensure accountability in distribution.

In addition, new federal legislation and guidance could substantially alter the statutory provisions governing approval, manufacturing and marketing of products regulated by the FDA. New legislation, FDA regulations, guidance, and policies are periodically revised or reinterpreted in ways that could significantly impact our business and our products. We cannot predict the enactment, implementation and potential consequences of any future legislative, regulatory or policy changes.

Pharmaceutical Coverage, Pricing and Reimbursement

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. 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.

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.

Protection of Intellectual Property

We strive to protect our intellectual property in a variety of ways to promote the development of our product candidate and business. Our strategy to safeguard this intellectual property includes the following:

● **Patents and patent applications.** We are in the process of obtaining method of use patents intended to cover our ANEB-001 product candidate, which are important to the development of our business. We have filed two patent applications for various methods of use of the ANEB-001 compound and delivery systems, which applications are currently pending before the U.S. Patent and Trademark Office. We intend to pursue foreign jurisdictions for these patent applications at the relevant time. The patents are expected to expire in 2040.

● **Regulatory exclusivity**. We could obtain regulatory exclusivity in the United States upon receiving approval of our New Drug Application ("NDA") from the FDA. Upon approval of a new chemical entity ("NCE"), which is a drug that contains no active moiety that has been approved by the FDA in any other NDA, that drug receives five years of marketing exclusivity during which the FDA may not approve a generic version of the drug. In addition, in seeking approval for a drug through an NDA, applicants are required to list with the FDA each patent whose claims cover the applicant's product. Upon approval of a drug, each of the patents listed in the application for the drug is then published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. Drugs listed in the Orange Book can, in turn, be cited by potential generic competitors in support of approval of an abbreviated new drug application ("ANDA") and then later challenged pursuant to a paragraph IV certification. As part of the Paragraph IV certification process, an NDA holder may initiate a patent infringement lawsuit against the ANDA applicant. The filing of a patent infringement lawsuit by an NDA holder automatically prevents the FDA from approving the ANDA until the earlier of 30 months, expiration of the Orange Book-listed patent, settlement of the lawsuit, or a decision in the infringement case that is favourable to the ANDA applicant. Finally, we could receive an orphan drug designation, which would grant a total of seven years of marketing exclusivity in the United States under the US Orphan Drug Act of 1983, or pediatric drug designation, which provides NDA holders (under the Best Pharmaceuticals for Children Act (BPCA)) a six-month extension of any exclusivity (patent or non-patent) for a drug.

● **Trade secrets**. We rely on trade secret laws of general applicability for aspects of our business that are not readily amenable to or appropriate for patent protection.

● **Confidentiality agreements**. We rely upon confidentiality agreements signed by our employees, consultants and third parties.

● **License agreement**. We have entered into an exclusive worldwide licensing agreement with Vernalis to develop, strengthen and commercialize our ANEB-001 compound. This exclusive in-licensing opportunity allows us to maintain and enhance our proprietary position in ANEB-001.

● **Trademarks**. We use "Anebulo" as our trademark. As we develop our drug candidate and business, we intend to add trademarks to our portfolio of intellectual property.

We believe these methods provide us material defensibility around our core intellectual property.

Employees

As of March 1, 2021, we had two full-time employees, none of which were covered by collective bargaining agreements. In addition, we have a number of outside consultants that are not on our payroll who are involved directly in scientific research and development activities. We believe that relations with our employees are generally good.

Facilities

We manage our business operations from our principal executive office in Lakeway, Texas, in 700 square feet of leased space under a sublease with JFL Capital Management LLC, a company controlled by Joseph F. Lawler, M.D., Ph.D., the founder and a director of our company. Our office lease extends through August 2021, under which we currently pay approximately $1,200 per month. We believe our present office space is adequate for our current operations and for near-term planned expansion.

Legal Proceedings

There are no legal proceedings or arbitration proceedings currently pending against our company.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information regarding our executive officers and directors as of the date of this prospectus:

Name	Age	Position(s)
Joseph F. Lawler, M.D., Ph.D.	48	Founder and Director

Daniel Schneeberger, M.D.	36	Chief Executive Officer and Director
Rex Merchant	61	Chief Financial Officer
Jason M. Aryeh	52	Director
Aron R. English	38	Director
Kenneth Lin, M.D.	47	Director
Karah Parschauer	42	Director

We intend to identify and appoint one additional independent director with relevant business experience before the completion of this offering.

The following information provides a brief description of the business experience of each executive officer and director.

Joseph F. Lawler, M.D., Ph.D. founded our company in April 2020 and has been a member of our board of directors since inception. He briefly served as our President from April to June 2020. Dr. Lawler is also the founder and has served as Managing Member of JFL Capital Management LLC, a healthcare investment fund with an emphasis on companies pursuing clinical drug development, since January 2015. Prior to his involvement with JFL Capital Management LLC, Dr. Lawler was a co-founder and served as Senior Managing Partner of Merus Capital Partners, LLC, a proprietary trading business, from October 2011 to November 2014. Dr. Lawler served as portfolio manager at MKM Longboat Capital Advisors LLC, a London-based hedge fund manager, from February 2008 to November 2008. Prior to that, Dr. Lawler was responsible for public and private biotechnology investments as an analyst at Och-Ziff Capital Management Group LLC, a hedge fund manager and global alternative asset management firm, from May 2006 to February 2008. Dr. Lawler served as an analyst at Sagamore Hill Capital Management LP, a multi-strategy hedge fund manager, from March 2005 to May 2006, and also previously served as an associate in the venture capital group at J.P. Morgan Partners, LLC, from March 2003 to March 2005. Dr. Lawler received his M.D. and Ph.D. from The Johns Hopkins University School of Medicine and he earned his B.A. degree from Queens College, City University of New York.

We believe Dr. Lawler's exceptional credentials and expertise in the biomedical field, coupled with his experience in investment and strategic development, make him well-qualified to serve on the board of directors.

Daniel Schneeberger, M.D. joined our company as Chief Executive Officer and a member of our board of directors in July 2020. Dr. Schneeberger previously spent more than four years as an institutional investor in the biotechnology and healthcare sector, serving as Chief Executive Officer of ADAR1 Capital Management from January 2019 to June 2020, and senior analyst at JFL Capital Management LLC from May 2016 to December 2018, where he specialized in the prediction of clinical drug trial readouts as a basis for investments. Prior to his involvement with JFL Capital Management LLC, Dr. Schneeberger was a consultant at McKinsey & Company from April 2013 to May 2016. There, he advised clients in the pharmaceutical, private equity and agrochemical industry on research and development, portfolio decisions and commercial strategies. Dr. Schneeberger received his medical diploma and a doctorate in rheumatology from the University of Basel, Switzerland. He also earned an M.B.A. from Harvard Business School and was named a Baker Scholar.

We believe Dr. Schneeberger's experience in private equity investing and operational and financial consulting in the biotechnology industry (with a focus on the commercialization of drugs) makes him well-qualified to serve on the board of directors.

Rex Merchant joined our company as Chief Financial Officer in January 2021. He has served as the Chief Financial Officer of JFL Capital Management LLC since May 2018 and of various other investment advisors and non-profit organizations since 1998. Prior to joining JFLCapital Management, Mr. Merchant served as Chief Financial Officer of Western Investment LLC, a hedge fund manager and investment advisory firm, from September 2008 to December 2017. Mr. Merchant also served as Chief Financial Officer of Leadership Foundations, a non-profit organization, from October 2011 to April 2018. He also has performed business valuation, litigation analysis and expert witness services, as well as extensive work in information technology throughout his career. Mr. Merchant received an M.S. degree in Taxation from Golden Gate University, a B.S. degree in Industrial Engineering from Stanford University, and he holds Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations.

Jason M. Aryeh joined our board of directors in March 2021. He is the founder and managing general partner of JALAA Equities, LP, a private hedge fund focused on the biotechnology and medical device sectors, and has served in such capacity since 1997. Mr. Aryeh has served as a member of the board of directors of Ligand Pharmaceuticals Inc., a publicly-traded biopharmaceutical company focused on developing or acquiring technologies that help pharmaceutical companies discover and develop medicines, since September 2006. Mr. Aryeh has also served as a director of Orchestra BioMed, Inc., a private biomedical innovation company focused on developing transformative therapeutic products, since November 2018. Mr. Aryeh has served as a director of numerous public and private companies. Mr. Aryeh earned a B.A. in economics, with honors, from Colgate University, and is a member of the Omnicron Delta Epsilon Honor Society in economics.

We believe that Mr. Aryeh's in-depth knowledge of the biopharmaceutical market and broad range of companies in the industry as the managing general partner of a hedge fund focused on the life sciences sector make him well qualified as a member of our board. He also brings transactional expertise in capital markets.

Aron R. English has been a member of our board of directors since June 2020. He is the founder and has served as the President and Portfolio Manager of 22NW, LP, a Seattle-based value fund specializing in small and microcap investments with a multi-year investment horizon, since August 2014. Previously, Mr. English served as the director of research at Meson Capital Partners LLC, an investment firm, from January 2014 to August 2014. Prior to that, he served as director of research at RBF Capital, LLC, a provider of wealth management and financial services, from September 2010 until December 2013, after initially serving as a research analyst at the firm from September 2008 to September 2010. Mr. English served as a research assistant at McAdams Wright Ragen Inc., an investment firm, from March 2006 until September 2008. Mr. English earned his B.A. degree in English Literature with honors from the University of Washington.

We believe that Mr. English's investment experience and knowledge of the capital markets will make him a valuable addition to the board of directors.

Kenneth Lin, M.D. joined our board of directors in February 2021. From January 2015 to July 2019, Dr. Lin founded and served as the President and CEO of Ab Initio Biotherapeutics, a biologics discovery company targeting G protein coupled receptors, through to its sale to Ligand Pharmaceuticals. From July 2012 to July 2014, Dr. Lin was the Vice President of Corporate Development and Investor Relations for Ulthera, Inc., a medical device company that was acquired by Merz Pharma. From April 2008 to June 2012, Dr. Lin was a Vice President at TPG, a private equity investment firm, where he focused on healthcare. From August 2003 to June 2007, Dr. Lin was an associate at JPMorgan Partners, a private equity investment firm. From September 2000 to June 2003, he was an associate in the Global Equity Research Division of Goldman Sachs. Dr. Lin received his M.D. from Case Western Reserve University with honors and his B.S. degree in Biological Sciences from Stanford University.

We believe Dr. Lin's extensive experience with private equity investing and management of biotechnology companies makes him well-qualified to serve on the board of directors.

Karah Parschauer joined our board of directors in February 2021. Since June 2016, Ms. Parschauer has served as General Counsel and Executive Vice President of Ultragenyx Pharmaceutical, Inc., a clinical-stage biopharmaceutical company. Prior to Ultragenyx, Ms. Parschauer served in various executive capacities, and most recently as Vice President, Associate General Counsel, at Allergan plc, a pharmaceutical company, from June 2005 until June 2016. Prior to Allergan, Ms. Parschauer was an attorney at

Latham & Watkins LLP, where she practiced in the areas of mergers and acquisitions, securities offerings, and corporate governance. She has served as a member of the board of directors of Evolus, Inc., a medical aesthetics company, since July 2019 and of Arcturus Therapeutics, Ltd., a clinical-stage messenger RNA medicines company, since June 2019. Ms. Parschauer holds a B.A. degree in Biology from Miami University and a J.D. from Harvard Law School.

We believe Ms. Parschauer's extensive experience within the pharmaceutical industry and as an attorney, particularly with respect to matters concerning corporate governance, makes her a valuable addition to the board of directors.

Board Composition

Our business and affairs are managed under the direction of our board of directors, which currently consists of six members. The number of directors is determined by our board of directors, subject to the terms of our amended and restated certificate of incorporation and bylaws that will become effective upon the completion of this offering. Upon the completion of this offering, our board of directors will consist of seven members.

Our board of directors will be divided into three classes as nearly equal in size as is practicable. The composition of the board of directors immediately following the offering will be as follows:

- Class I, which will initially consist of and , whose terms will expire at our annual meeting of stockholders to be held in 2022;
- Class II, which will initially consist of and , whose terms will expire at our annual meeting of stockholders to be held in 2023; and
- Class III, which will initially consist of , and whose terms will expire at our annual meeting of stockholders to be held in 2024.

Upon the expiration of the initial term of office for each class of directors, each director in such class shall be elected for a term of three years and serve until a successor is duly elected and qualified or until his or her earlier death, resignation or removal. Vacancies occurring on the board of directors, whether due to death, resignation, removal, retirement, disqualification or for any other reason, and newly created directorships resulting from an increase in the authorized number of directors, may be filled by a majority of the remaining members of the board of directors. Directors may be removed, but only for cause, with the affirmative vote of the holders of a majority of the voting power of our common stock.

Director Independence

Upon the completion of this offering, our common stock will be listed on The Nasdaq Capital Market ("Nasdaq"). Under Nasdaq rules, independent directors must comprise a majority of a listed company's board of directors within a specified period after completion of this offering. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and governance committees must be independent. Under Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members of a listed company must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (i) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors undertook a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that Karah Parschauer, Kenneth Lin, M.D., Jason M. Aryeh and , representing a majority of our directors, do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under Nasdaq rules and Rule 10A-3 of the Exchange Act. In making these determinations, our board of directors considered the relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Board Committees

Upon the closing of this offering, our board of directors will have three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Under Nasdaq rules and Rule 10A-3 of the Exchange Act, the membership of the audit committee is required to consist entirely of independent directors, subject to applicable phase-in periods. The following is a brief description of our committees.

Audit committee. In accordance with our audit committee charter, after this offering, our audit committee will: oversee our corporate accounting and financial reporting processes and our internal controls over financial reporting; evaluate our independent public accounting firm's qualifications, independence and performance; engage and provide for the compensation of our independent public accounting firm; approve the retention of our independent public accounting firm to perform any proposed permissible non-audit services; review our financial statements; review our critical accounting policies and estimates and internal controls over financial reporting; and discuss with management and our independent registered public accounting firm the results of the annual audit and the reviews of our quarterly financial statements. We believe that our audit committee members meet the requirements for financial literacy under the current requirements of the Sarbanes-Oxley Act, Nasdaq and SEC rules and regulations. In addition, the board of directors has determined that is qualified as an audit committee financial expert within the meaning of SEC regulations. We have made this determination based on information received by our board of directors. The audit committee will be composed of (Chair), Dr. Lin and .

Compensation committee. In accordance with our compensation committee charter, after this offering, our compensation committee will review and recommend policies relating to compensation and benefits of our officers and employees, including reviewing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer and other senior officers, evaluating the performance of these officers in light of those goals and objectives and setting compensation of these officers based on such evaluations. The compensation committee will also administer the issuance of stock options and other awards under our equity-based incentive plans. We believe that the composition of our compensation committee meets the requirements for independence under, and the functioning of our compensation committee complies with, any applicable requirements of the Sarbanes-Oxley Act, Nasdaq and SEC rules and regulations. We intend to comply with future requirements to the extent they become applicable to us. The compensation committee will be composed of (Chair) and Dr. Lin.

Nominating and governance committee. In accordance with our nominating and governance committee charter, after this offering, our nominating and governance committee will recommend to the board of directors nominees for election as directors, and meet as necessary to review director candidates and nominees for election as directors; recommend members for each committee of the board of directors; oversee corporate governance standards and compliance with applicable listing and regulatory requirements; develop and recommend to the board of directors governance principles applicable to the company; and oversee the evaluation of the board of directors and its committees. We believe that the composition of our nominating and governance committee meets the requirements for independence under, and the functioning of our

nominating and governance committee complies with, any applicable requirements of the Sarbanes-Oxley Act, Nasdaq and SEC rules and regulations. We intend to comply with future requirements to the extent they become applicable to us. The nominating and governance committee will be composed of Ms. Parschauer (Chair) and .

Code of Business Conduct and Ethics

We will adopt a new code of business conduct and ethics that applies to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, which will be posted on our website. Our code of business conduct and ethics is a "code of ethics," as defined in Item 406(b) of Regulation S-K. The information contained on, or accessible from, our website is not part of this prospectus by reference or otherwise. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of business conduct and ethics on our website.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is an executive officer or employee of our company. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Limitations on Director and Officer Liability and Indemnification

Our certificate of incorporation limits the liability of our directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Our certificate of incorporation and our bylaws provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Any repeal of or modification to our certificate of incorporation and our bylaws may not adversely affect any right or protection of a director or officer for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal. Our bylaws also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in connection with their services to us, regardless of whether our bylaws permit such indemnification.

Prior to the completion of this offering, we intend to enter into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our bylaws. These agreements, among other things, provide that we will indemnify our directors and executive officers for certain expenses (including attorneys' fees), judgments, fines, penalties and settlement amounts incurred by a director or executive officer in any action or proceeding arising out of such person's services as one of our directors or executive officers, or any other company or enterprise to which the person provides services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

The limitation of liability and indemnification provisions that will be contained in our certificate of incorporation and our bylaws upon completion of this offering may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. There is no pending litigation or proceeding involving one of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth summary compensation information for the following persons: (i) all persons serving as our principal executive officer during the period from April 23, 2020 (date of inception) to June 30, 2020, and (ii) our two other most highly compensated executive officers who received compensation during the period from April 23, 2020 (date of inception) to June 30, 2020 of at least $100,000 and who were executive officers on June 30, 2020. We refer to these persons as our "named executive officers" in this prospectus. The following table includes all compensation earned by the named executive officers for the respective period, regardless of whether such amounts were actually paid during the period:

Name and Position	Fiscal Years	Salary($)	Bonus($)	Stock Awards($)	Option Awards($)	All Other Compensation($)	Total($)
Daniel Schneeberger, M.D. Chief Executive Officer	2020	-	-	-	-	-	-
Joseph F. Lawler, M.D., Ph.D. Former President	2020	-	-	-	-	-	-

Employment Agreements

On July 21, 2020, we entered into an employment agreement with Daniel Schneeberger, M.D. Pursuant to the employment agreement, Dr. Schneeberger agreed to serve as our Chief Executive Officer, oversee our day-to-day business operations, including directing research and development of our medical technologies, and perform duties customary for this position. The employment agreement with Dr. Schneeberger is effective for an initial term of three years, commencing on July 21, 2020 and concluding on August 1, 2023, with automatic extensions for successive one-year periods, unless earlier terminated. The employment agreement provides Dr. Schneeberger with a base salary of $7.25 per hour paid in accordance with our customary payroll practices, as well as stock-based awards subject to our 2020 Stock Incentive Plan (the "Incentive Plan"). Subject to the Incentive Plan, Dr. Schneeberger will be entitled to a total of 40,937 shares of our common stock, which will vest ratably in six quarterly installments (approximately 6,822 shares each quarter until the final quarter award of 6,827 shares) over an 18-month period. In addition, Dr. Schneeberger will be entitled to stock-based awards based on achieving certain performance targets as follows: (i) 40,937 shares upon the first patient being dosed in a Phase 2 clinical trial with ANEB-001; (ii) 40,937 shares upon the availability of a newly synthesized active pharmaceutical ingredient acceptable for dosing in a U.S. clinical trial; and (iii) 40,939 shares upon the completion of an initial public offering and a public listing on a major exchange.

In the event of a change in control of our company, Dr. Schneeberger will be entitled to the vesting of 50% of any stock-based awards granted but not yet vested prior to the change in control event not less than six months after the change in control event, provided Dr. Schneeberger remains employed by our company. If the change in control event is an initial public offering, Dr. Schneeberger will be entitled to the full vesting of any stock-based awards. In the event of Dr. Schneeberger's termination, Dr. Schneeberger will be entitled to severance payments as follows: (i) if terminated by us without cause or upon his resignation for good reason, severance payments will be equal to the remainder of the annual base compensation for the year in which the date of termination occurs and the immediate award and vesting of the next quarterly stock-based award; and (ii) if terminated due to non-extension of the initial term, and only if we exercise our non-compete option, severance payments will be equal to the annual base compensation for the year in which the date of termination occurs, multiplied by a fraction, the numerator of which is equal to the number of days from the date of termination through the one-year anniversary thereof and the denominator of which is 365.

The employment agreement with Dr. Schneeberger also contains covenants (a) restricting Dr. Schneeberger from engaging in any activities competitive with our business during his employment with us and for a period of one year thereafter, (b) preventing Dr. Schneeberger from recruiting, soliciting or hiring away employees of our company for a period of one year after his employment with us, (c) prohibiting Dr. Schneeberger from disclosing confidential information regarding our company at any time, and (d) confirming that all work product or other intellectual property developed by Dr. Schneeberger and relating to our business constitutes our sole and exclusive property. The employment agreement is governed by the laws of the state of Texas.

Outstanding Equity Awards at June 30, 2020

The following table shows outstanding option awards held by the named executive officers as of June 30, 2020.

Name	Vested Shares	Unvested Shares	Total Shares
Daniel Schneeberger, M.D.	—	—	—
Joseph F. Lawler, M.D., Ph.D.	—	—	—

2020 Stock Incentive Plan

On June 17, 2020, our board of directors and stockholders adopted our 2020 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to enhance our ability to attract, retain and motivate persons who are expected to make important contributions to our company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of our stockholders. We have reserved a total of 275,000 shares of common stock for issuance under the Plan.

No stock-based awards were issued under the Plan for the period from April 23, 2020 (date of inception) to June 30, 2020. Subsequent to June 30, 2020, we awarded 163,750 shares of restricted common stock to Dr. Schneeberger, subject to the satisfaction of certain performance targets and vesting requirements pursuant to the award agreement and our employment agreement with Dr. Schneeberger.

Administration. The Plan is to be administered by the board of directors. Subject to the terms of the Plan, the board of directors is authorized to grant awards; adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it deems advisable; construe and interpret terms of the Plan and any award agreements entered into under the Plan; correct any defect; supply any omission; reconcile any inconsistency in the Plan or any award in the manner and to the extent it deems expedient. All decisions by the board of directors shall be final and binding on all persons having a claim or interest in the Plan or in any award. To the extent permitted by applicable law, the board of directors is authorized to delegate any or all of its powers under the Plan to one or more committees or subcommittees of the board of directors.

Eligibility. The persons eligible to receive awards under the Plan are our employees, officers, directors, consultants and advisors.

Types of Awards. Our Plan provides for the issuance of common stock, stock options, stock incentive options, restricted stock, restricted stock units, and other stock-based awards.

Stock Available for Awards. Subject to certain adjustments, the total number of shares of common stock that may be awarded under the Plan will be equal to 275,000 shares. In the event an award expires, lapses, is forfeited, or is terminated, surrendered, or canceled without having been fully exercised, the unused common stock covered by such award shall again be available to be granted under the Plan. Shares of common stock delivered or tendered to satisfy any applicable tax withholding obligation shall be added to the number of shares of common stock available to be granted under the Plan, except in the case of Incentive Stock Options, which are subject to the limitations in the Internal Revenue Code of 1986 (the "Code"). Shares of common stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market, or treasury shares. Any participant under the Plan who was a resident of the State of California on the date of the grant of an option shall be subject to the conditions and exclusions of Section 260.140.45 of the California Code of Regulations (the "California Regulations"), based on our shares which are outstanding at the time the calculation is made. After taking into consideration the 163,750 shares of restricted common stock awarded to Dr. Schneeberger, the Plan has 111,250 shares remaining available.

In the event of a merger or consolidation of an entity with us or the acquisition by us of property or stock of an entity, the board of directors may grant awards in substitution for any options or other stock or stock-based awards granted prior to such merger or consolidation. Such substitute awards may be granted on such terms as the board of directors deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan.

Stock Options. The board of directors is authorized to grant options to purchase common stock and determine the number of shares of common stock to be covered by each option, the exercise price of each option, and the conditions and limitations applicable to the exercise of each option, including conditions relating to applicable federal or state securities laws, as the board of directors considers necessary or advisable.

Incentive stock options, as defined in Section 422 of the Code, are only available to our employees. All such incentive stock options shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. If an option intended to qualify as an incentive stock option does not so qualify, the board of directors has discretion to amend the Plan and award with respect to such option so that such option qualifies as an incentive stock option.

The board of directors is authorized to establish the exercise price of each option and specify the exercise price in an applicable option agreement. The exercise price is not to be less than 100% of the fair market value on the date the option is granted, but in the case of an incentive stock option granted to an employee who owns stock representing more than 10% of the voting power of all classes of our stock, the per share exercise price is to be no less than 110% of the fair market value on the date the option is granted. The board of directors may specify the terms and duration under which options are exercisable in an applicable option agreement, but the maximum term is 10 years for the exercise of options and 5 years for the exercise of incentive stock options.

Restricted Stock; Restricted Stock Units. The board of directors is authorized to grant restricted stock and restricted stock units and to determine the terms and conditions set forth in the applicable award agreement, including the conditions for vesting, repurchase, forfeiture and issue price. Restricted stock is a grant of shares of common stock which are subject to our right to repurchase at their issue price or other stated formula, and which may be forfeited if issued at no cost, under conditions specified

by the board of directors. Alternatively, the board of directors may grant restricted stock units, which entitle the recipient to receive common stock or cash at the time such award vests. Participants holding restricted stock or restricted stock units are entitled to ordinary cash dividends. Prior to settlement, an award of restricted stock units carries no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted.

Other Stock-Based Awards. The board of directors is authorized to grant awards that are valued by reference to, or otherwise based on, shares of common stock, including stock appreciation rights and awards entitling recipients to receive shares of common stock to be delivered in the future. The board of directors has the sole discretion to determine the terms and conditions of such awards, including purchase price, transfer restrictions, and vesting conditions.

Adjustments for Changes in Common Stock and Certain Other Events. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of common stock other than an ordinary cash dividend, we will equitably adjust in the manner determined by the board of directors (i) the number and class of securities available under the Plan, (ii) the number and class of securities and exercise price per share of each outstanding option, (iii) the number of shares subject to and the repurchase price per share subject to each outstanding restricted stock award, and (iv) the terms of each other outstanding award.

General Provisions Applicable to Awards. Awards are subject to restrictions not to be sold, assigned, transferred, pledged or otherwise encumbered, unless the board of directors determines otherwise. The board of directors is authorized to determine the form in which each award shall be evidenced (written, electronic or otherwise), the terms of each award, and the effect of an award in the event a recipient's disability, death, retirement, termination, cessation of employment, authorized leave of absence, other change in employment or other change in status. The board of directors may provide that any award shall become immediately exercisable in full or in part, free from some or all restrictions, or otherwise realizable at any time.

No Rights as Stockholder. Subject to the provisions of the applicable award, recipients of an award under the Plan (including their designated beneficiaries) have no rights as stockholders with respect to such award until becoming the record holder of shares of common stock to be distributed with respect to such award.

Effective Date and Term of the Plan. The Plan is effective on the date adopted by the board of directors and expires in ten years.

Amendment of the Plan. The board of directors may amend, suspend or terminate the Plan (or any portion thereof) at any time, subject to the approval of stockholders or provisions of the Code, as applicable.

Compliance with Code Section 409A. Unless otherwise provided for in an award, awards granted under the Plan are intended to be exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code.

Restrictions on Shares; Claw-back Provisions. The Plan and awards granted thereunder are subject to such terms and conditions determined by the board of directors, including restrictions on the transferability of shares, our right to repurchase shares, our right to require the transfer of shares in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. The issuance of shares of common stock are subject to recipients' consent to such terms and conditions. All awards are subject to the provisions of any claw-back policy implemented by us, including any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable award agreement.

Director Compensation

As of December 31, 2020, no fees, equity awards or other compensation was paid to our directors for their services as directors.

In 2021, we have begun, following the commencement of a non-employee director's service as a director, to grant the director an option to purchase such number of shares of our common stock as has a grant date fair market value of approximately $79,000, applying a customary Black-Scholes calculation, at an exercise price per share of the option not less than the fair market value of our common stock on the grant date. The option will be subject to the terms and conditions applicable to options granted under our 2020 Stock Incentive Plan (as amended from time to time) as described in the Plan and the applicable stock option agreement. The shares underlying the option will vest 25% on the one-year anniversary of the grant date and on a straight-line monthly basis over the next four years of continuous service, as described in the applicable stock option agreement. Additionally, the option will be subject to full acceleration upon the consummation of a reorganization event (as defined in the Plan). Subject to continued service as a director and the approval of our board or our compensation committee, it is anticipated that non-employee directors will be eligible on an annual basis for additional grants of a similar aggregate value.

Further, we intend to compensate each non-employee director $1,000 per year in cash payable on a quarterly basis in advance for the director's service as a member of the board and, as applicable, an additional $10,000 per year, payable on a quarterly basis in advance for the director's service as the Chairman of the Board or chairman of any committee of the board.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures for Transactions with Related Persons

Our board of directors intends to adopt a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. Related persons include any executive officer, director or a holder of more than 5% of our common stock, including any of their immediate family members and any entity owned or controlled by such persons. A related person transaction refers to any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which (i) we were or are to be a participant, (ii) the amount involved exceeds $120,000, and (iii) a related person had or will have a direct or indirect material interest. Related person transactions include, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person, in each case subject to certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act.

We expect that the policy will provide that in any related person transaction, our audit committee and board of directors will consider all of the available material facts and circumstances of the transaction, including: the direct and indirect interests of the related persons; in the event the related person is a director (or immediate family member of a director or an entity with which a director is affiliated), the impact that the transaction will have on a director's independence; the risks, costs and benefits of the transaction to us; and whether any alternative transactions or sources for comparable services or products are available. After considering all such facts and circumstances, our audit committee and board of directors will determine whether approval or ratification of the related person transaction is in our best interests. For example, if our audit committee determines that the proposed terms of a related person transaction are reasonable and at least as favorable as could have been obtained from unrelated third parties, it will recommend to our board of directors that such transaction be approved or ratified. In addition, once we become a public company, if a related person transaction will compromise the independence of one of our directors, our audit committee may recommend that our board of directors reject the transaction if it could affect our ability to comply with securities laws and regulations or Nasdaq listing requirements.

Each transaction described in "Certain Relationships and Related Transactions" was entered into prior to the adoption of our audit committee charter and the foregoing policy proposal.

Transactions and Relationships with Directors, Officers and 5% Stockholders

On May 28, 2020 and June 18, 2020, we executed two promissory notes payable to Dr. Lawler in the aggregate principal amount of $200,000, reflecting cash advances by the lender to us in May and June 2020. The indebtedness is unsecured and bears interest at the rate of 8.0% per year. All accrued and unpaid interest and principal on the promissory note issued on May 28, 2020 is due and payable on demand by the holder on or after the date on which we consummate an equity financing (or series of equity financings having materially similar terms and conditions) pursuant to which we sell and issue shares of preferred stock for total aggregate gross proceeds of at least $2,500,000. As of the date of this prospectus, the related party investor has not yet demanded repayment of the note.

All accrued and unpaid interest and principal on the promissory note issued on June 18, 2020 is due and payable on demand by the holder on June 17, 2023. All accrued and unpaid interest and principal under both promissory notes shall be automatically due upon a change in control, defined generally as a consolidation or merger of our company, any transaction or series of transactions in which in excess of 50% of our voting power is transferred, a sale of all or substantially all of our assets or an exclusive license of all or substantially all our material intellectual property. We have used the proceeds of the promissory notes to fund organizational costs and expenses.

On June 18, 2020, we received gross proceeds of $3,000,000 from a private placement of our series A preferred stock (the "Private Placement"), convertible into 341,250 shares of our common stock, pursuant to the terms of a Securities Purchase Agreement with 22NW, LP, an institutional accredited investor affiliated with Aron R. English, who became a director of our company at such time. The series A preferred stock is convertible into shares of common stock automatically upon the closing of this offering. The conversion price of the series A preferred stock is $8.7912 per share. The conversion price is subject to adjustment if, at any time prior to conversion of the shares, we issue in a financing additional shares of common stock or other equity or equity-linked securities at a purchase, conversion or exercise price less than $8.7912 per share. In any such case, we have agreed to issue additional shares of series A preferred stock to the investors so that the effective purchase price per share in the Private Placement is reduced by a weighted-average anti-dilution percentage that takes into account both the lower per share purchase, conversion or exercise price and the number of such additional shares issued at the lower price. No adjustment will be made, however, in respect of shares of common stock or stock options issued to employees, directors or consultants, or in connection with acquisitions of other corporations or strategic collaborations approved by our board of directors.

As part of the Private Placement, 22NW, LP and Mr. English, individually, further agreed under the Securities Purchase Agreement to purchase upon the achievement of certain corporate events "milestone" warrants for $1.95754 per warrant (or $2,250,000 in the aggregate). The warrants are exercisable for cash for up to 1,149,401 shares of series A preferred stock at an exercise price of $10.11 per share or on a "net-exercise" basis into such lesser number of shares of series A preferred stock by surrendering a portion of the underlying warrant shares, based on the positive difference between the stated warrant exercise price and the initial public offering price per share in this offering, to pay the exercise price. The warrants must be purchased upon our achievement of (i) a filing with the FDA of an investigational new drug application or the making of an analogous regulatory filing in any foreign jurisdiction, whichever is earlier, and (ii) an arrangement by us to produce the active pharmaceutical ingredient of ANEB-001 in amounts sufficient to facilitate the consummation of a trial pursuant to such regulatory filing. The milestone warrants may also be purchased at any time at the option of 22NW, LP and Mr. English.

We lease our office space in Lakeway, Texas from JFL Capital Management LLC, a company controlled by Dr. Lawler, the founder and a director of our company. Our office lease extends through August 2021, under which we currently pay approximately $1,200 per month.

Indemnification Agreements

We have entered or will enter into an indemnification agreement with each of our directors and executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. See "Management — Limitations on Director and Officer Liability and Indemnification."

PRINCIPAL STOCKHOLDERS

The following table and accompanying footnotes set forth certain information with respect to the beneficial ownership of our common stock as of March 12, 2021, referred to below as the "Beneficial Ownership Date," and as adjusted to reflect the sale of shares of our common stock offered by this prospectus and other transactions occurring before or contemporaneously with this offering, by:

- each person, or group of affiliated persons, who is known to us to be the beneficial owner of 5% or more of the outstanding shares of our common stock;
- each of our current directors and each of our named executive officers; and
- all our current directors and executive officers as a group.

Beneficial ownership of shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to stock options or warrants held by that person that are currently exercisable or exercisable within 60 days after the Beneficial Ownership Date and shares of restricted stock subject to vesting until the occurrence of certain events, including the closing of this offering, are deemed outstanding for computing the beneficial ownership of such person, but are not deemed outstanding for computing the percentage ownership of any other person. Percentage of beneficial ownership is based on shares of common stock outstanding as of the Beneficial Ownership Date and shares of common stock outstanding immediately after this offering, assuming that the underwriters do not exercise their option to purchase up to additional shares of our common stock from this offering in full.

To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, we believe each person named in the table below has sole voting and investment power with respect to the shares set forth opposite such person's name. Except as otherwise indicated below, the address of each beneficial owner is c/o Anebulo Pharmaceuticals, Inc., 1415 Ranch Road 620 South, Suite 201, Lakeway, TX 78734. The address of 22NW, LP is 1455 NW Leary Way, Suite 400, Seattle, WA 98107.

	Shares of Common Stock Beneficially Owned Immediately Before this Offering		Shares of Common Stock Beneficially Owned Immediately After this Offering	
Name and Address of Beneficial Owner	**Number of Shares**	**Percentage**	**Number of Shares**	**Percentage**
Directors and Executive Officers:				
Joseph F. Lawler, M.D., Ph.D.	2,000,000	92.4%		
Daniel Schneeberger, M.D. (1)	163,750	*		
Rex Merchant	-	-		

Jason M. Aryeh	-	-
Aron R. English (2)	341,250	13.6%
Kenneth Lin, M.D.	-	-
Karah Parschauer	-	-
5% Stockholders:		
22NW, LP (3)	341,250	13.6%
All directors and executive officers as a group (7 persons)	2,505,000	

* Represents less than 1% of outstanding shares of common stock.

(1) Consists of 40,937 shares of restricted common stock issued pursuant to the terms of Dr. Schneeberger's employment agreement with us, which vest in equal quarterly installments from August 1, 2020 to November 1, 2021. In addition, includes additional shares of restricted common stock which vest upon achieving certain performance targets as follows: (i) 40,937 shares upon the first patient being dosed in a Phase 2 clinical trial with ANEB-001, (ii) 40,937 shares upon the availability of a newly synthesized active pharmaceutical ingredient acceptable for dosing in a U.S. clinical trial, and (iii) 40,939 shares issuable upon the completion of an initial public offering or a public listing on a major exchange.

(2) Represents shares of common stock issuable upon automatic conversion of our series A preferred stock upon the closing of this offering owned of record by 22NW, LP, a Delaware limited partnership, of which Mr. English is the President and has voting power and investment power with respect to such shares. Excludes (under "Shares of Common Stock Beneficially Owned Immediately Before this Offering") milestone warrants to purchase 1,021,690 shares and 127,711 shares of series A preferred stock at an exercise price of $10.11 per share. The warrants may be exercised on a "net-exercise" basis into such lesser number of shares of series A preferred stock by surrendering a portion of the underlying warrant shares, based on the positive difference between the stated warrant exercise price and the initial public offering price per share in this offering, to pay the exercise price.

(3) Assumes the conversion of our series A preferred stock held by 22NW, LP into 341,250 shares of our common stock automatically upon the closing of this offering, but excludes (under "Shares of Common Stock Beneficially Owned Immediately Before this Offering") milestone warrants to purchase 127,711 shares of series A preferred stock at an exercise price of $10.11 per share.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes important terms of our capital stock. For a complete description, you should refer to our certificate of incorporation and bylaws, forms of which are incorporated by reference to the exhibits to the registration statement of which this prospectus is a part, as well as the relevant portions of the Delaware law. References to our certificate of incorporation and bylaws are to our certificate of incorporation and our bylaws, respectively, each of which will become effective upon completion of this offering.

General

The following description of our capital stock is a summary and is qualified in its entirety by reference to our amended and restated certificate of incorporation and our bylaws, the forms of which are filed as exhibits to the registration statement of which this prospectus forms a part.

Our authorized capital stock presently consists of 3,800,000 shares of common stock, par value $0.001 per share, and 1,490,651 shares of preferred stock, par value $0.0001 per share, all of which shares of preferred stock have been designated series A preferred stock. Our board of directors may establish the rights and preferences of the preferred stock from time to time. As of January 27, 2021, there were 2,163,750 shares of common stock outstanding, held of record by two stockholders, and 341,250 shares of series A preferred stock outstanding, held of record by one stockholder.

We intend to effect a forward stock split of our outstanding shares of common stock and file with the Delaware Secretary of State an amended and restated certificate of incorporation prior to the completion of this offering.

Upon closing of this offering, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, of which shares will be outstanding, and shares of preferred stock, par value $0.0001 per share, none of which shares will be or outstanding.

Common Stock

Each holder of our common stock is entitled to one vote for each share on all matters to be voted upon by the stockholders and there are no cumulative rights. Subject to any preferential rights of any outstanding preferred stock, holders of our common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. If there is a liquidation, dissolution or winding up of our company, holders of our common stock would be entitled to share in our assets remaining after the payment of liabilities and any preferential rights of any outstanding preferred stock.

Holders of our common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

Preferred Stock

Immediately prior to the date of this prospectus, we were authorized to issue up to 1,490,651 shares of preferred stock, of which 341,250 shares of series A preferred stock were outstanding. Effective upon the closing of this offering, the series A preferred stock will be automatically converted into shares of our common stock and retired, and we will continue to be authorized to issue 1,490,651 shares of "blank check" preferred stock, defined as shares of preferred stock initially authorized by stockholders to be issued by our board of directors with terms and conditions determined by the board but without further action by stockholders. Under the terms of our certificate of incorporation, our board of directors is authorized to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible future acquisitions and other corporate purposes, will affect, and may adversely affect, the rights of holders of common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until the board of directors determines the specific rights attached to that preferred stock. The effects of issuing preferred stock could include one or more of the following:

- restricting dividends on the common stock;
- diluting the voting power of the common stock;
- impairing the liquidation rights of the common stock; or
- delaying or preventing changes in control or management of our company.

We have no present plans to issue any shares of preferred stock.

Milestone Warrants

As part of a 2020 private placement of our series A preferred stock and pursuant to the terms of a securities purchase agreement, dated June 18, 2020, each of 22NW, LP and Aron English, a member of our board, agreed to purchase upon the achievement of certain corporate events "milestone" warrants exercisable into our series A preferred stock for $1.95754 per warrant (or $2,250,000 in the aggregate). The warrants are exercisable for cash for up to 1,149,401 shares of series A preferred stock at an exercise price of $10.11 per share or on a "net-exercise" basis into such lesser number of shares of series A preferred stock by surrendering a portion of the underlying warrant shares, based on the positive difference between the stated warrant exercise price and the initial public offering price per share in this offering, to pay the exercise price. The term of the milestone warrants is three years from the date of issuance.

Effect of Certain Provisions of our Charter and Bylaws and the Delaware Anti-Takeover Statute

Certain provisions of Delaware law, our certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, may have the effect of discouraging coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

No cumulative voting

The Delaware General Corporation Law ("DGCL") provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation and our bylaws do not provide for cumulative voting in the election of directors.

Undesignated preferred stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Calling of special meetings of stockholders and action by written consent

Our certificate of incorporation and our bylaws provide that a special meeting of stockholders for any purpose may be called only by our board of directors, chairman of the board of directors, chief executive officer or president and no other persons. Our certificate of incorporation provides that any action required or permitted to be taken by the stockholders of the company must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by the stockholders.

Requirements for advance notification of stockholder nominations and proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. However, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Classified Board of Directors

The provisions in our certificate of incorporation relating to a classified board of directors may have the effect not only of discouraging attempts by others to buy our company, but also of making it more difficult or impossible for existing shareholders to make management changes. A classified board, which is made up of directors elected for staggered terms, while promoting stability in Board membership and management, also moderates the pace of any change in control of our board of directors by extending the time required to elect a majority, effectively requiring action in at least two annual meetings.

Amendment of bylaws

Our board of directors may alter, amend or repeal the bylaws, in whole or in part, or adopt new bylaws. Stockholders may alter, amend, or repeal the bylaws, in whole or in part, or adopt new bylaws by the affirmative vote of the holders of a majority of the shares of capital stock issued and outstanding and entitled to vote at any annual meeting or special meeting, provided that any such alteration, repeal or adoption of new bylaws is stated in the notice to such special meeting.

Election and Removal of Directors

The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation does not expressly provide for cumulative voting. Directors may be removed, but only for cause, upon the affirmative vote of holders of at least 75% of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class. In addition, the certificate of designation pursuant to which a particular series of preferred stock is issued may provide holders of that series of preferred stock with the right to elect additional directors. In addition, under our certificate of incorporation, our board of directors will be divided into three classes of directors, each of which will hold office for a three-year term. The existence of a classified board could delay a successful tender offeror from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential offeror.

Section 203 of the Delaware General Corporation Law

Upon completion of this offering, we will be subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or
- At or after the time the stockholder became interested, the business combination was approved by our board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Choice of Forum

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.

Other Limitations on Stockholder Actions

Our bylaws will also impose some procedural requirements on stockholders who wish to:

- make nominations in the election of directors;
- propose that a director be removed; or
- propose any other business to be brought before an annual or special meeting of stockholders.

Under these procedural requirements, in order to bring a proposal before a meeting of stockholders, a stockholder must deliver timely notice of a proposal pertaining to a proper subject for presentation at the meeting to our corporate secretary containing, among other things, the following:

- the stockholder's name and address;
- the number of shares beneficially owned by the stockholder and evidence of such ownership;
- the names of all persons with whom the stockholder is acting in concert and a description of all arrangements and understandings with those persons;
- a description of any agreement, arrangement or understanding reached with respect to shares of our stock, such as borrowed or loaned shares, short positions, hedging or similar transactions;
- a description of the business or nomination to be brought before the meeting and the reasons for conducting such business at the meeting; and
- any material interest of the stockholder in such business.

Our bylaws set out the timeliness requirements for delivery of notice.

In order to submit a nomination for our board of directors, a stockholder must also submit any information with respect to the nominee that we would be required to include in a proxy statement, as well as some other information. If a stockholder fails to follow the required procedures, the stockholder's proposal or nominee will be ineligible and will not be voted on by our stockholders.

Limitations of Liability and Indemnification

See "Certain Relationships and Related Transactions — Indemnification Agreements."

Exchange Listing

We intend to list our common stock for trading on The Nasdaq Capital Market under the symbol "ANEB."

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be Continental Stock Transfer & Trust Company. The transfer agent and registrar's address is 17 Battery Place, 8th Floor, New York, NY 10004.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has not been a public market for our common stock. Future sales of substantial shares of our common stock, including shares issued upon the exercise of outstanding options, in the public market after our initial public offering, or the possibility of these sales occurring, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future.

We will have shares of common stock outstanding immediately after the completion of this offering based on the number of shares outstanding on March 12, 2021 and assuming no exercise of outstanding stock-based awards after such date (or shares if the underwriters exercise their over-allotment option to purchase additional shares in full). Of those shares, the shares of common stock sold in the offering (or shares if the underwriters exercise their over-allotment option to purchase additional shares in full) will be freely transferable without restriction, unless purchased by persons deemed to be our "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 promulgated under the Securities Act. The remaining shares of common stock to be outstanding immediately following the completion of this offering are "restricted," which means they were originally sold in offerings that were not registered under the Securities Act. Restricted shares may be sold through registration under the Securities Act or under an available exemption from registration, such as provided through Rule 144, which rules are summarized below. Taking into account the lock-up agreements described below, and assuming the representative of the underwriters does not release any stockholders from the lock-up agreements, the restricted shares of our common stock will be available for sale in the public market as follows:

- shares will be eligible for sale immediately upon completion of this offering;
- shares will become eligible for sale, subject to the provisions of Rule 144 or Rule 701, upon the expiration of lock-up agreements not to sell such shares entered into between the underwriter and such stockholders beginning 180 days after the date of this prospectus; and
- additional shares will be eligible for sale from time to time thereafter upon expiration of their respective six-month holding periods.

Rule 144

In general, under Rule 144 of the Securities Act, as in effect on the date of this prospectus, a person (or persons whose shares are aggregated) who has beneficially owned restricted stock for at least six months, will be entitled to sell in any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding (shares immediately after this offering or shares if the underwriters' over-allotment option to purchase additional shares is exercised in full); or
- the average weekly trading volume of our common stock on Nasdaq during the four calendar weeks immediately preceding the date on which the notice of sale is filed with the SEC.

Subject to the lock-up agreements described above, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, will be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and
- the average weekly trading volume in our common stock on Nasdaq during the four calendar weeks preceding the date of filing of a Notice of Proposed Sale of Securities Pursuant to Rule 144 with respect to the sale.

Sales pursuant to Rule 144 are subject to requirements relating to manner of sale, notice and availability of current public information about us. A person (or persons whose shares are aggregated) who is not deemed to be an affiliate of ours for 90 days preceding a sale, and who has beneficially owned restricted stock for at least one year is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Rule 144 will not be available to any stockholders until we have been subject to the reporting requirements of the Exchange Act for 90 days.

Form S-8 Registration Statement

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register the shares of our common stock that are issuable pursuant to our 2020 Stock Incentive Plan. Shares covered by this registration statement will be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below and Rule 144 limitations applicable to affiliates.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resale of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers, directors or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and under "Underwriting" included in this prospectus and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Lock-Up Agreements

All of our executive officers, directors and certain of our stockholders have agreed that, without the prior written consent of The Benchmark Company, LLC, as representative of the several underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exercisable or exchangeable for our common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise. This agreement is subject to

certain exemptions, as set forth in the section entitled "Underwriting."

Registration Rights

In connection with our private placement of series A preferred stock in June 2020, we and 22NW, LP entered into an Investors' Rights Agreement. Pursuant to the terms of this agreement, 22NW, LP is entitled to "piggyback" registration rights with respect to the registration of the series A preferred stock, including the shares of common stock issuable upon the conversion of the series A preferred stock, under the Securities Act, which we refer to as our registrable securities. If we register any of our securities either for our own account or for the account of other security holders, 22NW, LP is entitled to include its shares in the registration. In the event we register securities in connection with an underwritten offering, the underwriter will have the right to limit the number of shares included in such offering. The registration rights granted under the Investors' Rights Agreement will terminate with respect to the registrable securities upon the earlier of (i) the date on which the registrable securities may be sold pursuant to Rule 144 of the Securities Act without regard to the volume limitations for sales as provided in Rule 144 or (ii) the third anniversary of this offering. All fees, costs and expenses of registrations under the Investors' Rights Agreement will be borne by us and all selling expenses, including underwriting discounts and selling commissions, if any, will be borne by 22NW, LP. 22NW, LP has waived its registration rights in connection with the offering to which this prospectus relates.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through the underwriters listed below. Subject to the terms and conditions set forth in the underwriting agreement between us and the underwriters named below, for which The Benchmark Company, LLC is acting as the representative (the "Representative"), we have agreed to sell to the underwriters, and each underwriter has agreed to purchase, severally and not jointly, the number of shares of our common stock listed opposite to its name in the table below.

Underwriter	Number of Shares
The Benchmark Company, LLC	
Total	

Under the terms of the underwriting agreement, the underwriters are committed to purchase, severally and not jointly, all of the shares offered by this prospectus (other than the shares subject to the underwriters' option to purchase additional shares), if the underwriters buy any of such shares. The underwriters' obligation to purchase the shares is subject to satisfaction of certain conditions, including, among others, the continued accuracy of representations and warranties made by us in the underwriting agreement, delivery of legal opinions and the absence of any material changes in our assets, business or prospects after the date of this prospectus.

The underwriters initially propose to offer the common stock directly to the public at the public offering price set forth on the front cover page of this prospectus and to certain dealers at such offering price less a concession not to exceed $ per share. After the initial public offering of the shares of our common stock, the offering price and other selling terms may be changed by the underwriters. Sales of shares of our common stock made outside the United States may be made by affiliates of certain of the underwriters.

The shares sold in this offering are expected to be ready for delivery against payment in immediately available funds on or about , 2021, subject to customary closing conditions. The underwriters may reject all or part of any order.

Over-Allotment Option

We have granted to the underwriters an option to purchase up to additional shares of our common stock at the same price to the public, and with the same underwriting discount, as set forth in the table below. The underwriters may exercise this option in whole or in part at any time within 30 days after the date of this prospectus, but only to cover over-allotments, if any. To the extent the underwriters exercise this option, each underwriter will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase the shares for which they exercise the option.

Discounts and Commissions

The following table shows underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option. In addition to the underwriting discount, we have agreed to pay up to $157,500 of the fees and expenses of the underwriters, which may include up to $150,000 of fees and expenses of counsel to the underwriters. The fees and expenses of the underwriters that we have agreed to reimburse are not included in the underwriting discounts and commissions set forth in the table below. We have also agreed with the Representative to grant certain rights of participation and future financing fees associated with offerings undertaken during the nine-month period following this offering. Except as disclosed in this prospectus, the underwriters have not received and will not receive from us any other item of compensation or expense in connection with this offering considered by the Financial Industry Regulatory Authority ("FINRA") to be underwriting compensation under FINRA Rule 5110. The underwriting discount was determined through an arms' length negotiation between us and the underwriters.

		Total	
	Per Share	No Over-Allotment	Over-Allotment
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us:	$	$	$
Total	$	$	$
Proceeds, before expenses, to us	$	$	$

We estimate that the total expenses of this offering payable by us, excluding underwriting discounts and commissions, will be approximately $. This includes $157,500 of fees and expenses of the underwriters.

Stabilization

In accordance with Regulation M under the Exchange Act, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including short sales and purchases to cover positions created by short positions, stabilizing transactions, syndicate covering transactions, penalty bids and passive market making.

- Short positions involve sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares or purchasing shares in the open market.

- Stabilizing transactions permit bids to purchase the underlying security as long as the stabilizing bids do not exceed a specific maximum price.

- Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters' option to purchase additional shares. If the underwriters sell more shares than could be covered by the underwriters' option to purchase additional shares, thereby creating a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

- In passive market making, market makers in our common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchase shares of our common stock until the time, if any, at which a stabilizing bid is made.

These activities may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result of these activities, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the Representative will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including civil liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

IPO Pricing

Prior to the completion of this offering, there has been no public market for our common stock. The initial public offering price has been negotiated between us and the Representative. Among the factors considered in these negotiations are:

- The information in this prospectus and otherwise available to the underwriters, including our financial information;
- the history of, and prospects for, us and the industry in which we compete;
- our past and present financial performance;
- an assessment of the ability and experience of our management;
- the present state of our development and our current financial condition;
- the prospects for our future earnings;
- the general condition of the economy and the prevailing conditions of the applicable United States securities market at the time of this offering;
- previous trading prices for our common stock in the private market and market valuations of publicly traded companies that we and the representative believe to be comparable to us; and
- other factors as were deemed relevant.

We cannot be sure that the initial public offering price will correspond to the price at which the shares of our common stock will trade in the public market following this offering or that an active trading market for the shares of our common stock will develop or continue after this offering.

Lock-Up Agreements

We have agreed that for a period of 180 days after the date of this prospectus, we will not, without the prior written consent of the Representative, which may be withheld or delayed in the Representative's sole discretion:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any of our common stock or any securities convertible into or exercisable or exchangeable for our common stock, or file any registration statement under the Securities Act with respect to any of the foregoing; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any of our common stock;

whether any such transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise. The prior sentence will not apply to (i) the shares to be sold pursuant to the underwriting agreement, (ii) any shares of our common stock issued by us upon the exercise of an option or other security outstanding on the date hereof, (iii) such issuances of options or grants of restricted stock or other equity-based awards under our 2020 Stock Incentive Plan and the issuance of shares issuable upon exercise of any such equity-based awards, and (iv) the filing by us of registration statements on Form S-8.

Each of our directors and our executive officers has agreed that for a period ending 180 days after the date of this prospectus, none of them will, without the prior written consent of the Representative which may be withheld or delayed in the Representative's sole discretion:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any shares of our common stock, or any securities convertible into or exercisable or exchangeable for our common stock owned directly by such director or executive officer or with respect to which such director or executive officer has beneficial ownership; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of our common stock, whether any such transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Notwithstanding the prior sentence, subject to applicable securities laws and the restrictions contained in our charter, our directors and executive officers may transfer our securities: (i) pursuant to the exercise or conversion of our securities, including, without limitation, options and warrants, so long as any shares issued upon such exercise are not sold during the lock-up period; (ii) as a bona fide gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth above; (iii) to any trust for the direct or indirect benefit of such director or executive officer or the immediate family of such director or executive officer, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth above; (iv) any transfer required under any benefit plans or our charter or bylaws; (v) as required by participants in our 2020 Stock Incentive Plan in order to reimburse or pay federal income tax and withholding obligations in connection with vesting of restricted stock grants or the exercise of stock options or warrants; or (vi) in or in connection with any merger, consolidation, combination or sale of all or substantially all of our assets or in connection with any tender offer or other offer to purchase at least 50% of our common stock.

Other Relationships

The underwriters, including the Representative, and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters may in the future engage in investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. The underwriters may in the future receive customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Electronic Distribution

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in the offering. The Representative may allocate a number of shares to the underwriters and selling group members, if any, for sale to their online brokerage account holders. Any such allocations for online distributions will be made by the representative on the same basis as other allocations.

Listing

In connection with this offering, we intend to apply to have our common stock listed on The Nasdaq Capital Market under the symbol "ANEB." There is no assurance, however, that our common stock will be listed on The Nasdaq Capital Market or any other national securities exchange.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company.

Selling Restrictions

No action has been taken in any jurisdiction except the United States that would permit a public offering of our common stock, or the possession, circulation or distribution of this prospectus or any other material relating to us or our common stock in any jurisdiction where action for that purpose is required. Accordingly, the shares may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45 106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31 103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33 105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the representative and us that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary

will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representative has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each underwriter has, separately and not jointly, represented and agreed that:

- it has not made or will not make an offer of the securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) ("FSMA"), except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority;

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. Accordingly, no public distribution, offering or advertising, as defined in CISA, its implementing ordinances and notices, and no distribution to any non-qualified investor, as defined in CISA, its implementing ordinances and notices, shall be undertaken in or from Switzerland, and the investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of shares.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or the ASIC, in relation to the offering.

This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, the Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Israel

In the State of Israel this prospectus shall not be regarded as an offer to the public to purchase shares of common stock under the Israeli Securities Law, 5728—1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728—1968, including, *inter alia*, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the "Addressed Investors"); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728—1968, subject to certain conditions (the "Qualified Investors"). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. We have not and will not take any action that would require us to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728—1968. We have not and will not distribute this prospectus or make, distribute or direct an offer to subscribe for our securities to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728—1968. In particular, we may request, as a condition to be offered securities, that Qualified Investors will each represent, warrant and certify to us and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728—1968; (ii) which of the categories listed in the First Addendum to the Israeli Securities Law, 5728—1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities

Law, 5728—1968 and the regulations promulgated thereunder in connection with the offer to be issued securities; (iv) that the securities that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728—1968: (a) for its own account; (b) for investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728—1968; and (v) that it is willing to provide further evidence of its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, *inter alia*, the Addressed Investor's name, address and passport number or Israeli identification number.

Hong Kong

The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. This document does not constitute an offer or invitation to the public in Hong Kong to acquire shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") and the subsidiary legislation made thereunder); or in circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) ("CO"); or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the shares is personal to the person to whom this document has been delivered, and a subscription for shares will only be accepted from such person. No person to whom a copy of this document is issued may issue, circulate or distribute this document in Hong Kong, or make or give a copy of this document to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"), (ii) to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased pursuant to an offer made in reliance on Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor;

shares, debentures and units of shares, and debentures of that corporation, or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except:

(1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

LEGAL MATTERS

Olshan Frome Wolosky LLP, New York, New York, will pass upon the validity of the shares of our common stock being offered by this prospectus as our counsel in connection with this offering. The underwriters have been represented in connection with this offering by Faegre Drinker Biddle & Reath LLP.

EXPERTS

The balance sheet of Anebulo Pharmaceuticals, Inc. as of June 30, 2020, and the related statements of operations, changes in convertible preferred stock, common stock and stockholders' deficit, and cash flows for the period from April 23, 2020 (inception) to June 30, 2020, have been audited by EisnerAmper LLP, independent registered public accounting firm, as stated in their report which is incorporated herein, which report includes an explanatory paragraph about the existence of substantial doubt concerning the Company's ability to continue as a going concern. Such financial statements have been incorporated herein in reliance on the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, which includes exhibits, schedules and amendments, under the Securities Act with respect to the shares of our common stock we are offering pursuant to this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement, as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the contract, agreement or other document summarized, but are not complete descriptions of all terms of those contracts, agreements or other documents. If we filed any of those contracts, agreements or other documents as an exhibit to the registration statement, you may read the contract, agreement or other document itself for a complete description of its terms. Each statement in this prospectus relating to a contract, agreement or other document filed as an exhibit is qualified in all respects by the filed exhibit. When we complete this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with law, we will be required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at*www.sec.gov*. We also maintain a website at *www.anebulo.com*, at which, following the completion of this offering, you may access our annual, quarterly and special reports, proxy statements and other information free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only. Investors should not rely on any such information in deciding whether to purchase our common stock.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Anebulo Pharmaceuticals, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Anebulo Pharmaceuticals, Inc. (the "Company") as of June 30, 2020, and the related statements of operations, convertible preferred stock, common stock and stockholders' deficit, and cash flows for period from April 23, 2020 (inception) to June 30, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020, and the results of its operations and its cash flows for the period from April 23, 2020 (inception) to June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company incurred, and it anticipates it will continue to incur, losses and generate negative operating cash flows and as such will require significant additional funds to continue its development activities. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ EisnerAmper LLP

We have served as the Company's auditor since 2020.

EISNERAMPER LLP
Iselin, New Jersey
December 18, 2020

Anebulo Pharmaceuticals, Inc.
Balance Sheet

	June 30, 2020
Assets	
Current assets:	
Cash and cash equivalents	$ 3,024,980
Receivable - related party	3,500
Total current assets	3,028,480

Total assets	$ 3,028,480
Liabilities, convertible preferred stock and stockholders' deficit	
Current liabilities:	
Accrued expenses	$ 22,579
Promissory notes - related party	201,286
Total current liabilities	223,865
Total liabilities	223,865
Commitments and contingencies	
Series A convertible preferred stock, $0.0001 par value; 1,490,651 shares authorized; 341,250 shares issued and outstanding at June 30, 2020	2,975,752
Stockholders' deficit:	
Common stock, $0.001 par value; 3,800,000 shares authorized; 2,000,000 shares issued and outstanding at June 30, 2020	2,000
Additional paid-in capital	1,500
Accumulated deficit	(174,637)
Total stockholders' deficit	(171,137)
Total liabilities, convertible preferred stock, and stockholders' deficit	$ 3,028,480

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

Anebulo Pharmaceuticals, Inc.
Statement of Operations

	For the period from April 23, 2020 (inception) to June 30, 2020
Operating expenses:	
Research and development	$ 150,000
General and administrative	23,351
Total operating expenses	173,351
Other expense:	
Interest expense	(1,286)
Loss from operations before taxes	(174,637)
Tax expense	-
Net loss	$ (174,637)
Weighted average common shares outstanding, basic and diluted	2,000,000
Net loss per share, basic and diluted	$ (0.09)

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

Anebulo Pharmaceuticals, Inc.
Statement of Convertible Preferred Stock, Common Stock and Stockholders' Deficit

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at April 23, 2020	-	$ -	-	$ -	$ -	$ -	$ -
Issuance of common stock	-	-	2,000,000	2,000	1,500	-	3,500
Issuance of Series A convertible preferred stock, net of issuance costs of $24,248	341,250	2,975,752	-	-	-	-	-
Net loss	-	-	-	-	-	(174,637)	(174,637)
Balance at June 30, 2020	341,250	$ 2,975,752	2,000,000	$ 2,000	$ 1,500	$ (174,637)	$ (171,137)

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

Anebulo Pharmaceuticals, Inc.
Statement of Cash Flows

	For the period from April 23, 2020 (inception) to June 30, 2020
Cash flows from operating activities:	
Net loss	$ (174,637)
Adjustments to reconcile net loss to net cash used in operating activities:	
Promissory notes accrued interest	1,286
Changes in operating assets and liabilities:	

Accrued expenses		22,579
Net cash used in operating activities		(150,772)
Cash flows from financing activities:		
Proceeds from issuance of promissory notes to related party		200,000
Proceeds from issuance of Series A convertible preferred stock		3,000,000
Payment of issuance costs on Series A convertible preferred stock		(24,248)
Net cash provided by financing activities		3,175,752
Net increase in cash, cash equivalents and restricted cash		3,024,980
Cash and cash equivalents, beginning of year		-
Cash and cash equivalents, end of year	$	3,024,980
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Proceeds due from issuance of common stock to founder	$	3,500

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

ANEBULO PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Organization, Principal Activities, and Basis of Presentation

Anebulo Pharmaceuticals, Inc. ("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 cannabinoid overdose and addiction. The Company's principal operations are located in Lakeway, Texas.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position, results of operations and cash flows for the period presented.

From inception, the Company has devoted substantially all of its efforts to raising capital and acquiring licensing rights to its drug product. The Company has determined that it has one operating and reporting segment. The Company has one lead product candidate, ANEB-001, under development, which was licensed from Vernalis (R&D) Ltd in May 2020 ("License Agreement"), as fully described in Note 7.

Note 2. Liquidity and Going Concern

The financial statements have been prepared as though the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has incurred operating losses and negative cash flows from operations since inception. As of June 30, 2020, the Company has an accumulated deficit of $174,637. Management expects to continue to incur operating losses and negative cash flows from operations within one year after the date the financial statements are issued. In addition, as more fully described in Note 7, the Company is subject to milestone payments associated with a License Agreement. Management believes the Company has access to capital through private placements, collaboration agreements, and other potential equity funding transactions, as well as potential debt capital raises.

Through June 2020, the Company raised $3,200,000 of funding through the sale of its Series A Convertible Preferred Stock ("Series A Preferred") and issuance of two promissory notes. The Company will need to raise additional capital in order to continue to fund operations, including milestone obligations under its License Agreement. The Company believes that it will be able to obtain additional capital through equity financings or other arrangements to fund operations; however, there can be no assurance that such additional financing, if available, can be obtained on terms acceptable to the Company. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued.

Accordingly, these factors raise substantial doubt about the Company's ability to continue as a going concern for a period of at least one year after the date the financial statements are available to be issued. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses, and the disclosure of contingent assets and liabilities as of and during the reporting period. The Company bases its estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates. The most significant estimates are related to legal expenses.

Risk and Uncertainties

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents. Periodically, the Company may maintain deposits in financial institutions in excess of government insured limits. Management believes that the Company is not exposed to significant credit risk as the Company's deposits are held at financial institutions that management believes to be of high credit quality, and the Company has not experienced any losses on these deposits.

The Company operates in an industry that is subject to intense competition, government regulations and rapid technological change. Operations are subject to significant risk and uncertainties including financial, operational, technological, regulatory, and other risks, including potential risk of business failure.

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (Covid-19) outbreak a pandemic. As of June 30, 2020, the Company's operations have not been significantly impacted by the Covid-19 outbreak. However, the Company cannot at this time predict the specific extent, duration, or full impact that the Covid-19 outbreak will have on its financial condition and operations, including ongoing and planned clinical trials.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Fair Value of Financial Instruments

The Company follows the guidance prescribed by FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements* ("ASC 820"), which establishes the following hierarchy that prioritizes the inputs used to measure fair value:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Fair value is defined as the proceeds that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Convertible Preferred Stock

The Company has classified Series A Preferred as temporary equity in the accompanying balance sheets due to certain change in control events that are outside of the Company's control, including sale or transfer of control of the Company, as holders of the Series A Preferred could cause redemption of the shares in these situations.

Research and Development Costs

Research and development costs are charged to expense as incurred. Payments for these activities will be based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected in the financial statements as prepaid or accrued research and development. Research and development activities may consist of salaries and benefits, contract services, materials and supplies, stock-based compensation expense, depreciation of equipment, and other outside expenses. As of June 30, 2020, the only research and development expense the Company incurred was the initial payment for the licensing agreement. (See note 7).

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company's financial statements and tax returns. Deferred tax assets and liabilities are determined based upon the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and for loss and credit carryforwards, using enacted tax rates expected to be in effect in the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that these assets may not be realized. The Company determines whether it is more likely than not that a tax position will be sustained upon examination. If it is not more likely than not that a position will be sustained, none of the benefit attributable to the position is recognized. The tax benefit to be recognized for any tax position that meets the more-likely-than-not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the contingency. The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes. The Company is a calendar year (December 31st) tax filer.

Stock-based Compensation

The Company recognizes compensation expense for awards to employees and nonemployees based on the grant date fair value of stock-based awards on a straight-line basis over the period during which an award holder provides service in exchange for the award. For awards subject to performance conditions, the Company recognizes compensation expense using an accelerated recognition method over the remaining service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based milestone is probable based on the expected satisfaction of the performance conditions as of the reporting date. The fair value is calculated using the Black-Scholes option pricing model. The Company recognizes stock-based award forfeitures as they occur rather than estimating a forfeiture rate in accordance with the guidance per Accounting Standard Update ("ASU") No. 2016-09.

In June 2018, the FASB issued ASU No. 2018-07, "*Compensation—Stock Compensation*", which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees, except for specific exceptions. This ASU is effective for annual or any interim periods beginning after December 15, 2019. The Company adopted this standard on April 23, 2020 (inception).

As of June 30, 2020, the Company had not issued any stock awards. Subsequently, in October 2020, the Company issued 163,750 stock awards to its Chief Executive Officer ("CEO") (see Note 13 for further details).

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" ("ASC 842") to enhance the transparency and comparability of financial reporting related to leasing arrangements. Under this new lease standard, most leases are required to be recognized on the balance sheet as right-of-use assets and lease liabilities. Disclosure requirements have been enhanced with the objective of enabling financial statement users to assess the amount, timing, and uncertainty of cash flows arising from leases. Prior to January 1, 2019, U.S. GAAP did not require lessees to recognize assets and liabilities related to operating leases on the balance sheet. The new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and corresponding lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement as well as the reduction of the right-of-use asset.

This ASU is effective for nonpublic reporting companies for interim and annual periods beginning after December 15, 2021, with early adoption permitted, and must be adopted using a modified retrospective approach. The Company has adopted the standard effective April 23, 2020 (inception). The Company has elected to apply (i) the practical expedient which allows the Company to not separate lease and non-lease components, for new leases entered into after adoption and (ii) the short-term lease exemption for all leases with an original term of less than 12 months, for purposes of applying the recognition and measurements requirements in the new standard.

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on specific facts and circumstances, the existence of an identified asset(s), if any, and the Company's control over the use of the identified asset(s), if applicable. Operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of future lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable.

As such, the Company will utilize the incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term on an amount equal to the lease payments in a similar economic environment.

Operating leases are recognized on the balance sheet as ROU lease assets, lease liabilities current and lease liabilities non-current. Fixed rents are included in the calculation of the lease balances while variable costs paid for certain operating and pass-through costs are excluded. Lease expense is recognized over the expected term on a straight-line basis.

As of June 30, 2020, the Company had not entered into any leases. Subsequently, in August 2020, the Company entered into a one-year sub-lease for office space in Lakeway, Texas, from a related party.

Loss Per Share

Series A Preferred participates on a one-for-one basis with common stock in the distribution of dividends, if and when declared by the Board of Directors.

Since the Company has reported a loss for the period from April 23, 2020 (inception) to June 30, 2020, therefore, no income was allocated to Series A Preferred. Basic and diluted net loss per share are the same because the impact of Series A Preferred would be anti-dilutive and have been excluded from the computation of diluted weighted-average shares outstanding.

Subsequent Events

The Company has evaluated and, as necessary, made changes to these financial statements for subsequent events through December 18, 2020, the date these financial statements were available to be issued. All subsequent events that provided additional evidence about conditions existing at the date of the statements of financial position were incorporated into the financial statements (see Note 13 for further detail).

Reverse Stock Split

On June 18, 2020, the Company implemented a 1-for-1.75 reverse stock split of the Company's common stock. All share and per share data shown in the accompanying financial statements and related notes have been retroactively revised to reflect the reverse stock split. Shares of common stock underlying outstanding stock options and other equity instruments were proportionately reduced and the respective exercise prices, if applicable, were proportionately increased in accordance with the terms of the agreements governing such securities. Shares of common stock reserved for issuance upon the conversion of the Company's Preferred Stock were proportionately reduced and the respective conversion prices were proportionately increased.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all ASUs. ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in the existing guidance for income taxes and making other minor improvements. The amendments are effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. The Company is currently evaluating the impact of adopting this new accounting guidance.

Note 4. Fair Value of Measurements

The Company's financial instruments consist of cash and cash equivalents, accounts payable, and accrued expenses. The carrying amount of cash and cash equivalents, accounts payable, accrued expenses and promissory note to a related party is considered a reasonable estimate of fair value due to the short-term nature of those instruments.

The Company's financial assets which are measured at fair value on a recurring basis were comprised of cash and cash equivalents of $3,024,980 at June 30, 2020, based on Level 1 inputs.

Note 5. Accrued Expenses

Accrued expenses of $22,579 at June 30, 2020 consisted of accrued legal fees.

Note 6. Promissory Notes

On May 28, 2020 and June 18, 2020, the Company issued an aggregate of $200,000 in promissory notes ("2020 Notes") to a related party investor. The annual interest rate on the 2020 Notes is a fixed rate of 8.0%.

All accrued and unpaid interest and principal on the promissory note issued on May 28, 2020, is due and payable on demand of the Company on or after the date on which the Company consummates an equity financing (or series of equity financings having materially similar terms and conditions) pursuant to which the Company sells and issues shares of preferred stock for total aggregate gross proceeds of at least $2,500,000 (the "Maturity Date"). As of the date of these financial statements, the related party investor has not yet demanded repayment of the note.

All accrued and unpaid interest and principal on the promissory note issued on June 18, 2020 shall be due and payable on demand of the Company on June 17, 2023.

For the period from April 23, 2020 (inception) through June 30, 2020, the Company had interest expense of $1,286.

Note 7. License Agreement

In May 2020, the Company licensed certain intellectual property, know-how and clinical trial data from Vernalis (R&D) Ltd. The initial consideration in exchange for the license was $150,000 and is recorded as research and development expense in the statement of operations. The license term shall continue unless and until terminated for cause or insolvency, sixty day written notice, 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 $350,000 to $3,000,000, up to a total development milestone payment of $29,900,000, and sales milestone payments of $10,000,000 and $25,000,000, in the first year when cumulative annual net sales of licensed product exceeds $500,000,000 and $1,000,000,000, respectively. The Company is also required to pay single-digit royalties on product sales over the term of the

contract. The Company has determined that none of the milestone payments are considered probable as of June 30, 2020 and therefore no liability has been recorded.

Note 8. Income Taxes

The Company's effective tax rate differs from the statutory federal tax rate as presented in the following table:

	For the period from April 23, 2020 (inception) to June 30, 2020
U.S. federal statutory tax rate	21.0%
Valuation Allowance	(21.0)%
Total	0.0%

As of June 30, 2020, the Company was domiciled in Texas, and due to the losses generated and no revenues, it incurred no federal or state tax.

The tax effect of the temporary differences that give rise to the significant portions of the deferred tax assets and liabilities is presented below:

	For the period from April 23, 2020 (inception) to June 30, 2020
Deferred tax assets:	
Net operating losses	$ 34,927
Total gross deferred tax asset	34,927
Valuation allowance	(34,927)
Net deferred tax asset	$ -

There is no current tax expense and deferred tax expense for the period from April 23, 2020 (inception) to June 30, 2020.

Net Operating Losses ("NOLs") arising in tax years ending after December 31, 2017 and before January 1, 2021 are carried forward indefinitely. The Company has no income tax expense due to operating losses incurred for period from April 23, 2020 (inception) to June 30, 2020. The Company has provided a valuation allowance for the full amount of the deferred tax assets as, based on all available evidence, it is considered more likely than not that all the recorded deferred tax assets will not be realized in a future period.

At June 30, 2020, the Company has federal NOLs of $174,637. Certain of these federal net operating loss carryforwards may be subject to Internal Revenue Code Section 382 or similar provisions, which impose limitations on their utilization amounts.

Realization of the future tax benefits is dependent on many factors, including the Company's ability to generate taxable income. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership, including a sale of the Company or significant changes in ownership due to sales of equity, may have limited, or may limit in the future, the amount of net operating loss carryforwards that could be used annually to offset future taxable income. The Company has not completed a study to assess whether a change of control has occurred or whether there have been multiple changes of control since the Company's formation. As a result, the Company is not able to estimate the effect of the change in control, if any, on the Company's ability to utilize net operating loss and research and development credit carryforwards in the future.

Since the Company was formed in April 2020 and has elected to be on a calendar year tax filer, the Company has not filed any tax returns in the United States, nor in the State of Texas. The Company is not currently under examination by the IRS or any other jurisdictions for any tax years.

Entities are also required to evaluate, measure, recognize and disclose any uncertain income tax provisions taken on their income tax returns. The Company has analyzed its tax positions and has concluded that as of June 30, 2020, the Company had no uncertain tax positions. The Company has elected to recognize interest and penalties related to income tax matters as a component of income tax expense, of which no interest or penalties were recorded for the period from April 23, 2020 (inception) to June 30, 2020.

Note 9. Series A Convertible Preferred Stock

In June 2020, the Company authorized the sale and issuance of up to 1,490,651 shares of Series A Preferred. The Series A Preferred financing was structured so that 341,250 shares would be issued at the first closing to one investor ("Initial Investor") at $8.7912 per share ("First Closing") and up to 1,149,401 shares at $10.11 per share could be issued upon the exercise of certain warrants ("Milestone Warrants").

Upon achieving certain development milestones by the Company and being certified by the Board of Directors, the Company has the obligation to issue and the Initial Investor plus one designated additional investor ("Additional Investor") have the right and obligation to purchase Milestone Warrants to purchase 638,556 and 510,845 shares of Series A Preferred, respectively. The Milestone Warrants will have a purchase price of $1.95754 per share of the additional 1,149,401 shares of Series A Preferred for total proceeds of $2,250,000 and the right to purchase the additional 1,149,401 shares of Series A Preferred at $10.11 per share. The term of the Milestone Warrants will be three years from the date of issuance.

On June 18, 2020, the Company issued 341,250 shares of Series A Preferred for gross cash proceeds of $3,000,000. Issuance costs paid totaled $24,248.

As of June 30, 2020, the requisite development milestones were not yet achieved, and therefore no Milestone Warrants nor additional shares of Series A Preferred have been issued.

The Company determined the obligation of the Company and the rights and obligations of the initial Series A Preferred shareholder and the one designated additional investor to purchase Milestone Warrants does not meet the definition of a freestanding financial instrument as it is not separable from the Series A Preferred issued in June 2020.

As of June 30, 2020, the rights and preferences of the Series A Preferred are as follows:

Conversion - Each share of Series A Preferred may be converted at any time, at the option of the holder, into shares of common stock, subject to the applicable conversion rate as determined by dividing the original issue price by the conversion price. The initial conversion price for the Series A Preferred issued at the First Closing is $8.7912, however, it may be adjusted for certain dilutive events. The initial conversion price for the Series A Preferred issued upon the exercise of the Milestone Warrants will be $10.11, however, it may be adjusted for certain dilutive events. The Series A Preferred automatically converts into shares of common stock at a 1:1 conversion ratio at the earlier of the closing of a public offering of the Company's securities at any price per share or at the election of the holders of at least a majority of the then-outstanding shares of Series A Preferred.

If the Initial Investor or any of its affiliates that may have received a portion of the shares from the Initial Closing, fails to purchase the designated Milestone Warrant upon the achievement of the development milestones, then all of shares from the Initial Closing still held by the Initial Investor and any of its affiliates will automatically convert into shares of Common Stock at a 1:1 conversion.

Dividends - Series A Preferred shareholders shall first receive, or simultaneously receive, a dividend if declared on any other class or series of capital stock.

Voting Rights - Preferred Stock and common stockholders vote together as one class on an as converted basis. Common stock voting rights on certain matters are subject to the powers, preferences, and rights of the Preferred Stock. Holders are entitled to vote on all matters and shall have the number of votes equal to the number of shares of common stock into which the shares of Preferred Stock held by such holder are then convertible. Certain actions such as mergers, acquisition, liquidation, dissolution, wind up of business, and deemed liquidation events, must be approved by the holders of at least a majority of the then-outstanding shares of Series A Preferred.

Liquidation Preference - Upon liquidation, dissolution, or winding up of business, the Preferred Stock holders are entitled to receive a liquidation preference in priority to holders of common stock equal to the original Series A Preferred issue price plus any accrued but unpaid dividends if that amount is greater than what it would have received had their shares been converted to common stock. If assets available for distribution are insufficient to satisfy the liquidation payment to holders in full, assets available for distribution will be allocated among holders based on their pro rata shareholdings. When holders are satisfied in full, any excess assets available for distribution will be allocated ratably among common stockholders based on their pro rata shareholdings. The liquidation preference as of June 30, 2020 is $3,000,000.

Redemption – Other than as described in Note 3, the Series A Preferred is not redeemable.

Note 10. Common Stock

The Company authorized the sale and issuance of up to 3,800,000 shares of common stock. One related party investor owns 100% of the 2,000,000 outstanding shares of common stock as of June 30, 2020. As of June 30, 2020, the related party investor owed the Company $3,500, for the purchase of these shares. Subsequently, in September 2020, the related party investor paid the Company for these shares.

As of June 30, 2020, the Company had reserved 275,000 shares of common stock for the 2020 Stock Incentive Plan, 341,250 shares of common stock for the conversion of Series A Preferred, and 1,149,401 shares of common stock for the exercise of Milestone Warrants.

As of June 30, 2020, the rights of the common stockholders are as follows:

Voting Rights - The holders of the common stock are entitled to one vote for each share of common stock. The voting, dividend, and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers, and preferences of the holders of the Series A Preferred.

Dividends - The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred stock then outstanding.

Liquidation Preference - In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after the payment or provision for payment of all debts and liabilities of the Company and all preferential amounts to which the holders of Preferred Stock are entitled with respect to the distribution of assets in liquidation, the holders of common stock shall be entitled to share ratably in the remaining assets of the Company available for distribution.

Note 11. Stock Incentive Plan

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 275,000 shares of the Company's 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 and expire ten years from the date of grant. No stock-based awards were issued for the period from April 23, 2020 (inception) to June 30, 2020.

Note 12. Subsequent Events

The Company has completed an evaluation of all subsequent events through December 18, 2020, the date these financial statements were available to be issued. The Company has concluded that no subsequent events have occurred that require disclosure except as disclosed below and in Note 3 and 10.

- In July 2020, the Company hired a CEO, under a two-year employment agreement, which will be automatically extended for successive one-year periods, unless either party gives notice of non-extension to the other party no later than 30 days prior to the expiration date. CEO's compensation will substantially be derived from the Other Stock-Based Awards of 163,750 shares of common stock issued under the Company's 2020 Stock Incentive Plan and will vest based on reaching certain performance targets.

- The Company entered into a one-year sublease for office space in Lakeway, Texas with a related party. The lease commenced in August 2020 with the initial term set to expire in August 2021. This office lease does not have a renewal option. Annual rent for this lease is $14,434.

- In October 2020, the Company entered into an agreement with a third-party contract manufacturing organization to begin manufacturing and conducting stability studies on ANEB-001 drug substance, ANEB-001 drug product and placebo. The cost of these contracts are approximately $973,000.

Anebulo Pharmaceuticals, Inc.
Balance Sheets

	December 31, 2020 (unaudited)	June 30, 2020 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 2,480,003	$ 3,024,980
Receivable - related party	-	3,500
Prepaid expenses and other current assets	28,855	-

Total current assets	2,508,858	3,028,480
Deferred offering costs	101,651	-
Total assets	$ 2,610,509	$ 3,028,480
Liabilities, convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 84,477	$ -
Accrued expenses	59,946	22,579
Promissory notes - related party	209,352	201,286
Total current liabilities	353,775	223,865
Commitments and contingencies		
Series A convertible preferred stock, $0.0001 par value; 1,490,651 shares authorized; 341,250 shares issued and outstanding at December 31, 2020 and June 30, 2020	2,975,752	2,975,752
Stockholders' deficit:		
Common stock, $0.001 par value; 3,800,000 shares authorized; 2,163,750, and 2,000,000 shares issued and outstanding at December 31, 2020 and June 30, 2020, respectively	2,164	2,000
Additional paid-in capital	38,438	1,500
Accumulated deficit	(759,620)	(174,637)
Total stockholders' deficit	(719,018)	(171,137)
Total liabilities, convertible preferred stock, and stockholders' deficit	$ 2,610,509	$ 3,028,480

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

Anebulo Pharmaceuticals, Inc.
Statement of Operations

	Six months ended December 31, 2020 (unaudited)
Operating expenses:	
Research and development	$ 190,268
General and administrative	386,649
Total operating expenses	576,917
Other expense:	
Interest expense	(8,066)
Loss from operations before taxes	(584,983)
Income tax expense	-
Net loss	$ (584,983)
Weighted average common shares outstanding, basic and diluted	2,136,162
Net loss per share, basic and diluted	$ (0.27)

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

Anebulo Pharmaceuticals, Inc.
Statement of Convertible Preferred Stock, Common Stock and Stockholders' Deficit
(unaudited)

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance at June 30, 2020 (audited)	341,250	$ 2,975,752	2,000,000	$ 2,000	$ 1,500	$ (174,637)	$ (171,137)
Issuance of restricted common stock	-	-	163,750	164	(164)	-	-
Stock-based compensation expense	-	-	-	-	37,102	-	37,102
Net loss	-	-	-	-	-	(584,983)	(584,983)
Balance at December 31, 2020	341,250	$ 2,975,752	2,163,750	$ 2,164	$ 38,438	$ (759,620)	$ (719,018)

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

Anebulo Pharmaceuticals, Inc.
Statement of Cash Flows

	Six months ended December 31, 2020 (unaudited)
Cash flows from operating activities:	

Net loss	$	(584,983)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation		37,102
Promissory notes accrued interest		8,066
Changes in operating assets and liabilities:		
Receivable - related party		3,500
Prepaid expenses and other current assets		(28,855)
Deferred offering costs		(101,651)
Accounts payable		84,477
Accrued expenses		37,367
Net cash used in operating activities		(544,977)
Net decrease in cash, cash equivalents and restricted cash		(544,977)
Cash and cash equivalents, beginning of period		3,024,980
Cash and cash equivalents, end of the period	$	2,480,003

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

ANEBULO PHARMACEUTICALS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization, Principal Activities, and Basis of Presentation

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 cannabinoid overdose and addiction. The Company's principal operations are located in Lakeway, Texas.

The accompanying interim unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position, results of operations and cash flows for the period presented. The accompanying interim unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto as of June 30, 2020 and for the period from April 23, 2020 (inception) to June 30, 2020.

From inception, the Company has devoted substantially all of its efforts to raising capital and acquiring licensing rights to its drug product. The Company has determined that it has one operating and reporting segment. The Company has one lead product candidate, ANEB-001, under development, which was licensed from Vernalis (R&D) Ltd in May 2020 ("License Agreement"), as described in Note 7.

Note 2. Liquidity and Going Concern

Through December 31, 2020, the Company has raised $3,200,000 of funding through the sales of its Series A Convertible Preferred Stock ("Series A Preferred") and the issuance of two promissory notes. As of December 31, 2020, the Company had accumulated deficit of $759,620 and cash and cash equivalents of $2,480,003. The Company's ability to continue as a going concern is highly contingent on the ability to raise additional capital for ongoing research and development and clinical trials as the Company expects to continue incurring losses for the foreseeable future.

Management believes the Company has access to capital through private placements, corporate collaborations, and other potential equity funding transactions, as well as potential debt capital raises. The Company is currently evaluating these alternatives to fund its future operations.

Management cannot provide assurance that sufficient required additional funding will become available on commercially acceptable terms to continue the Company's ongoing and planned research and development and clinical trials. If the Company is unable to secure required additional funding, this could affect future business activities and continuing development that is critical to the Company's future operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 3. Summary of Significant Accounting Policies

Basis of Presentation

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The accompanying interim unaudited financial statements for the period presented have been prepared on substantially the same basis as the Company's annual financial statements for the fiscal year ended June 30, 2020. In the opinion of the Company's management, these financial statements reflect all adjustments, consisting of only normal, recurring adjustments, necessary to fairly state the Company's financial position, results of operations and cash flows. The preparation of these interim unaudited financial statements requires the Company to make estimates and judgments that affect the amounts reported in the financial statements and the accompanying notes. The Company's actual results may differ from these estimates under different assumptions or conditions.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses, and the disclosure of contingent assets and liabilities as of and during the reporting period. The Company bases its estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates. The most significant estimates are related to research and development contracts, legal expenses and stock-based compensation.

Risk and Uncertainties

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents. Periodically, the Company may maintain deposits in financial institutions in excess of government insured limits. Management believes that the Company is not exposed to significant credit risk as the Company's deposits are held at financial institutions that management believes to be of high credit quality, and the Company has not experienced any losses on these deposits.

The Company operates in an industry that is subject to intense competition, government regulations and rapid technological change. Operations are subject to significant risk

and uncertainties including financial, operational, technological, regulatory, and other risks, including potential risk of business failure.

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. As of December 31, 2020, the Company's operations have not been significantly impacted by the COVID-19 outbreak. However, the Company cannot at this time predict the specific extent, duration, or full impact that the COVID-19 outbreak will have on its financial condition and operations, including ongoing and planned clinical trials.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Fair Value of Financial Instruments

The Company follows the guidance prescribed by FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements* ("ASC 820"), which establishes the following hierarchy that prioritizes the inputs used to measure fair value:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Fair value is defined as the proceeds that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Convertible Preferred Stock

The Company has classified its Series A Preferred securities as temporary equity in the accompanying balance sheets due to certain change in control events that are outside of the Company's control, including sale or transfer of control of the Company, as holders of the Series A Preferred could cause redemption of the shares in these situations.

Deferred Offering Costs

In conjunction with a possible initial public offering ("IPO") of the Company's common stock, costs incurred related to the IPO are capitalized as deferred equity issuance costs in other non-current assets until the IPO is completed or the potential IPO is abandoned. If the Company completes an IPO, these costs will be offset against proceeds received; or if the IPO does not occur, they will be expensed. Offering costs include direct and incremental costs related to the offering such as legal fees and related costs associated with the proposed IPO. As of December 31, 2020, the Company recorded deferred IPO offering costs of $101,651.

Research and Development Costs

Research and development costs are charged to expense as incurred. Payments for these activities will be based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected in the interim unaudited financial statements as prepaid or accrued research and development. Research and development activities may consist of salaries and benefits, contract services, materials and supplies, stock-based compensation expense, depreciation of equipment, and other outside expenses.

Stock-Based Compensation

The Company recognizes stock-based compensation expense related to stock options granted to employees and non-employees based on the estimated fair value of the awards on the date of grant. The Company estimates the grant date fair value, and the resulting stock-based compensation expense, for stock options that only have service vesting requirements or performance-based vesting requirements without market conditions using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards with service vesting requirements is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. Determining the appropriate amount to expense for performance-based awards based on the achievement of stated goals requires judgment. The estimate of expense is revised periodically based on the probability of achieving the required performance targets and adjustments are made as appropriate. The cumulative impact of any revisions is reflected in the period of change. If any applicable financial performance goals are not met, no compensation cost is recognized, and any previously recognized compensation cost is reversed.

The Black-Scholes option-pricing model requires the use of highly subjective assumptions, which determine the fair value of stock-based awards. These assumptions include:

Expected term - Our expected term represents the period that the stock-based awards are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term). For stock-based awards granted to non-employees, the expected term represents the contractual term of the award.

Common stock price - The Board of directors estimates the fair value of common stock. Given the absence of a public trading market for its common stock, and in accordance with the American Institute of Certified Public Accountants' Practice Guide, Valuation of Privately Held-Company Equity Securities Issued as Compensation, the board of directors exercises reasonable judgment and considers a number of objective and subjective factors to determine its best estimate of the fair value of the common stock, as further described below under "Common stock valuations."

Expected volatility - The Company is a privately held company and did not have any trading history for its common stock and the expected volatility was estimated using weighted-average measures of implied volatility and the historical volatility of its peer group of companies for a period equal to the expected life of the stock options. The peer group of publicly traded biopharmaceutical companies was chosen based on their similar size, stage in the life cycle or area of specialty.

Risk-free interest rate - The risk-free interest rate is based on the rates paid on securities issued by the U.S. Treasury with a term approximating the expected life of the stock options.

Expected dividend - The Company has never paid, and does not anticipate paying, cash dividends on its common stock. Therefore, the expected dividend yield was assumed to be zero.

In addition to the Black-Scholes assumptions, The Company adopted ASU 2016-09 in June 2020 and as a result, the Company has made an entity-wide accounting policy election to account for pre-vesting award forfeitures when they occur.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" ("ASC 842") to enhance the transparency and comparability of financial reporting related to leasing arrangements. Under this new lease standard, most leases are required to be recognized on the balance sheet as right-of-use assets and lease liabilities. Disclosure requirements have been enhanced with the objective of enabling financial statement users to assess the amount, timing, and uncertainty of cash flows arising from leases. Prior to January 1, 2019, U.S. GAAP did not require lessees to recognize assets and liabilities related to operating leases on the balance sheet. The new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and corresponding lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement as well as the reduction of the right-of-use asset.

This ASU is effective for non-public reporting companies for interim and annual periods beginning after December 15, 2021, with early adoption permitted, and must be adopted using a modified retrospective approach. The Company has adopted the standard effective April 23, 2020 (inception). The Company has elected to apply (i) the practical expedient which allows the Company to not separate lease and non-lease components, for new leases entered into after adoption and (ii) the short-term lease exemption for all leases with an original term of less than 12 months, for purposes of applying the recognition and measurements requirements in the new standard.

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on specific facts and circumstances, the existence of an identified asset(s), if any, and the Company's control over the use of the identified asset(s), if applicable. Operating lease liabilities and their corresponding right-of-use assets are recorded based on the present value of future lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company will utilize the incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term on an amount equal to the lease payments in a similar economic environment.

Operating leases are recognized on the balance sheet as ROU lease assets, lease liabilities current and lease liabilities non-current. Fixed rents are included in the calculation of the lease balances while variable costs paid for certain operating and pass-through costs are excluded. Lease expense is recognized over the expected term on a straight-line basis.

In August 2020, the Company entered into a one-year sub-lease for office space in Lakeway, Texas, from a related party and recorded rent expense of $5,413 for the six months ended December 31, 2020. Remaining payments due under the lease total $8,420.

Loss Per Share

The Company's Series A Preferred securities participate on a one-for-one basis with common stock in the distribution of dividends, if and when declared by the Board of Directors.

Since the Company has reported a loss for the six months ended December 31, 2020, therefore, no income was allocated to the Company's Series A Preferred securities. Basic and diluted net loss per share are the same because the impact of Series A Preferred would be anti-dilutive and has been excluded from the computation of diluted weighted-average shares outstanding.

Reverse Stock Split

On June 18, 2020, the Company implemented a 1-for-1.75 reverse stock split of the Company's common stock. All share and per share data shown in the accompanying interim unaudited financial statements and related notes have been retroactively revised to reflect the reverse stock split. Shares of common stock underlying outstanding stock options and other equity instruments were proportionately reduced and the respective exercise prices, if applicable, were proportionately increased in accordance with the terms of the agreements governing such securities. Shares of common stock reserved for issuance upon the conversion of the Company's preferred stock were proportionately reduced and the respective conversion prices were proportionately increased.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all ASUs. ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in the existing guidance for income taxes and making other minor improvements. The amendments are effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. The Company is currently evaluating the impact of adopting this new accounting guidance.

Note 4. Fair Value of Measurements

The Company's financial instruments consist of cash and cash equivalents, accounts payable, and accrued expenses. The carrying amount of cash and cash equivalents, accounts payable, accrued expenses and the promissory note to a related party are considered a reasonable estimate of fair value due to the short-term nature of those instruments.

The Company's financial assets which are measured at fair value on a recurring basis were comprised of cash and cash equivalents of $2,480,003 at December 31, 2020 and $3,024,980 at June 30, 2020, based on Level 1 inputs. As of December 31, 2020, the Company did not have any Level 2 or Level 3 assets or liabilities.

Note 5. Accrued Expenses

Accrued expenses of $59,946 at December 31, 2020 consisted of accrued research and development consulting of $59,141 and accrued payroll of $805. Accrued expenses of $22,579 at June 30, 2020 consisted of accrued legal expenses.

Note 6. Promissory Notes

On May 28, 2020 and June 18, 2020, the Company issued promissory notes ("2020 Notes") for $175,000 and $25,000, respectively, to a related party investor. The annual interest rate on the 2020 Notes is a fixed rate of 8.0%.

Total principal and accrued and unpaid interest of $183,170 for the promissory note issued on May 28, 2020, is due and payable on demand by the related party investor of the Company. As of the date of these interim unaudited financial statements, the related party investor has not yet demanded repayment of the note.

Total principal and accrued and unpaid interest of $26,182 for the promissory note issued on June 18, 2020 shall be due and payable on demand by the related party investor of

the Company on June 17, 2023.

For the six months ended December 31, 2020, the Company recorded interest expense of $8,066.

The carrying value of the 2020 Notes at December 31, 2020 and June 30, 2020 was $209,352 and $201,286, respectively.

Note 7. License Agreement

In May 2020, the Company licensed certain intellectual property, know-how and clinical trial data from Vernalis (R&D) Ltd. The Company is required to make cash payments upon reaching certain development milestones ("Development Milestones") related to clinical trials, granting of marketing authorization and sales milestones. The Company is also required to pay single-digit royalties on product sales over the term of the contract. During the six months ended December 31, 2020, the Company did not reach any of the Development Milestones and therefore did not record any additional license expense under this agreement.

Note 8. Series A Convertible Preferred Stock

In June 2020, the Company authorized the sale and issuance of up to 1,490,651 shares of Series A Preferred. The Series A Preferred financing was structured so that 341,250 shares would be issued at the first closing to one investor ("Initial Investor") at $8.7912 per share ("First Closing") and up to 1,149,401 shares at $10.11 per share could be issued upon the exercise of certain warrants ("Milestone Warrants").

Upon achieving certain development milestones by the Company and being certified by the Board of Directors, the Company has the obligation to issue and the Initial Investor plus one designated additional investor ("Additional Investor") have the right and obligation to purchase Milestone Warrants to purchase 127,711 and 1,021,690 shares of Series A Preferred, respectively and as amended. The Milestone Warrants will have a purchase price of $1.95754 per share of the additional 1,149,401 shares of Series A Preferred for total proceeds of $2,250,000 and the right to purchase the additional 1,149,401 shares of Series A Preferred at $10.11 per share. The term of the Milestone Warrants will be three years from the date of issuance.

On June 18, 2020, the Company issued 341,250 shares of Series A Preferred for gross cash proceeds of $3,000,000. Issuance costs paid in cash totaled $24,248.

As of December 31, 2020, the requisite development milestones were not yet achieved, and therefore no Milestone Warrants or additional shares of Series A Preferred have been issued.

The Company determined the obligation of the Company, the rights and obligations of the initial Series A Preferred shareholder and the one designated additional investor to purchase Milestone Warrants does not meet the definition of a freestanding financial instrument as it is not separable from the Series A Preferred issued in June 2020.

As of December 31, 2020, the rights and preferences of the Series A Preferred are as follows:

Conversion - Each share of Series A Preferred may be converted at any time, at the option of the holder, into shares of common stock, subject to the applicable conversion rate as determined by dividing the original issue price by the conversion price. The initial conversion price for the Series A Preferred issued at the First Closing is $8.7912, however, it may be adjusted for certain dilutive events. The initial conversion price for the Series A Preferred issued upon the exercise of the Milestone Warrants will be $10.11, however, it may be adjusted for certain dilutive events. The Series A Preferred automatically converts into shares of common stock at a 1:1 conversion ratio at the earlier of the closing of a public offering of the Company's securities at any price per share or at the election of the holders of at least a majority of the then-outstanding shares of Series A Preferred.

If the Initial Investor or any of its affiliates that may have received a portion of the shares from the Initial Closing, fails to purchase the designated Milestone Warrant upon the achievement of the development milestones, then all of shares from the Initial Closing still held by the Initial Investor and any of its affiliates will automatically convert into shares of Common Stock at a 1:1 conversion.

Dividends - Series A Preferred shareholders shall first receive, or simultaneously receive, a dividend if declared on any other class or series of capital stock.

Voting Rights - Preferred Stock and common stockholders vote together as one class on an as converted basis. Common stock voting rights on certain matters are subject to the powers, preferences, and rights of the Preferred Stock. Holders are entitled to vote on all matters and shall have the number of votes equal to the number of shares of common stock into which the shares of Preferred Stock held by such holder are then convertible. Certain actions such as mergers, acquisition, liquidation, dissolution, wind up of business, and deemed liquidation events, must be approved by the holders of at least a majority of the then-outstanding shares of Series A Preferred.

Liquidation Preference - Upon liquidation, dissolution, or winding up of business, the Preferred Stockholders are entitled to receive a liquidation preference in priority to holders of common stock equal to the original Series A Preferred issue price plus any accrued but unpaid dividends if that amount is greater than what it would have received had their shares been converted to common stock. If assets available for distribution are insufficient to satisfy the liquidation payment to holders in full, assets available for distribution will be allocated among holders based on their pro rata shareholdings. When holders are satisfied in full, any excess assets available for distribution will be allocated ratably among common stockholders based on their pro rata shareholdings. The liquidation preference as of December 31, 2020 is $3,000,000.

Redemption – Other than as described in Note 3, the Series A Preferred is not redeemable.

Note 9. Common Stock

The Company authorized the sale and issuance of up to 3,800,000 shares of common stock. One related party investor owns 2,000,000 shares of common stock outstanding as of December 31, 2020. As of June 30, 2020, the related party investor owed the Company $3,500, for the purchase of these shares, which was paid in September 2020.

In September 2020, the Company awarded 163,750 shares of restricted common stock to its Chief Executive Officer ("CEO") under the 2020 Stock Incentive Plan ("2020 Stock Plan") at a grant date fair value of $0.65 per share. The restrictions are subject to the satisfaction of certain performance targets and vesting requirements pursuant to the award and employment agreement. The restricted common stock has voting and dividend rights, and therefore all 163,750 shares of restricted common stock are considered issued and outstanding as of December 31, 2020.

As of December 31, 2020, the Company had reserved 111,250 shares of common stock for the 2020 Stock Plan, 341,250 shares of common stock for the conversion of Series A Preferred, and 1,149,401 shares of common stock for the conversions of Series A Preferred from the exercise of future Milestone Warrants.

As of December 31, 2020, the rights of the common stockholders are as follows:

Voting Rights - The holders of the common stock are entitled to one vote for each share of common stock. The voting, dividend, and liquidation rights of the holders of the

Common Stock are subject to and qualified by the rights, powers, and preferences of the holders of the Series A Preferred.

Dividends - The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred stock then outstanding.

Liquidation Preference - In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after the payment or provision for payment of all debts and liabilities of the Company and all preferential amounts to which the holders of Preferred Stock are entitled with respect to the distribution of assets in liquidation, the holders of common stock shall be entitled to share ratably in the remaining assets of the Company available for distribution.

Note 10. Stock Incentive Plan

In June 2020, the Board of Directors adopted the 2020 Stock 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 275,000 shares of the Company's 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 and expire ten years from the date of grant. As of December 31, 2020, there are 111,250 shares available to be granted under the 2020 Stock Plan.

Note 11. Stock-Based Compensation

As of December 31, 2020, the Company has not issued any stock option awards.

In September 2020, the Company awarded 163,750 shares of restricted common stock to its CEO, at a grant date fair value of $0.65 per share. The restrictions are subject to the satisfaction of certain performance targets and vesting requirements pursuant to the award and employment agreement.

In the event of a change in control of our company, the CEO will be entitled to the vesting of 50% of any stock-based awards granted but not yet vested prior to the change in control event not less than six months after the change in control event, provided the CEO remains employed by our company. If the change in control event is an initial public offering, the CEO will be entitled to the full vesting of any stock-based awards.

For the six months ended December 31, 2020, 13,644 shares vested and the Company recorded stock-based compensation expense of $37,102 in general and administrative expenses.

As of December 31, 2020, unrecognized stock-based compensation expense associated with the restricted common stock totaled $69,336.

Note 12. Subsequent Events

The Company has completed an evaluation of all subsequent events through March 12, 2021, the date these interim unaudited financial statements were available to be issued. The Company has concluded that no subsequent events have occurred that require disclosure, with the exception of the following:

- On January 1, 2021, the Company hired a chief financial officer, under an at-will employment agreement. Any termination by the Company, or the by the Executive, shall be communicated by a 30-day written notice to the other party. The chief financial officer's compensation consists of a base salary only.

- On February 11, 2021, the Company entered into an agreement with a third-party clinical research organization to conduct a Phase 2 proof-of-concept trial for cannabinoid overdose in the fourth calendar quarter of 2021 with the anticipation of completing the trial by the first calendar quarter of 2022. The total cost of the agreement is approximately €1,450,758 or $1,760,000.

***

Shares

Anebulo Pharmaceuticals, Inc.

Common Stock

PROSPECTUS

The Benchmark Company

, 2021

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotments or subscription.

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth all estimated expenses and costs to be paid solely by us, other than estimated underwriting discounts and commissions, in connection with the issuance and distribution of the securities registered hereby. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and The Nasdaq Capital Market ("Nasdaq") listing fee:

	Amount to be Paid
SEC registration fee	*
FINRA filing fee	*
Nasdaq listing fee	*
Blue sky fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous fees and expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

We are a Delaware corporation and are governed by the Delaware General Corporation Law, or the DGCL. Section 145(a) of the DGCL provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no cause to believe his or her conduct was unlawful.

Section 145(b) of the DGCL provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted under similar standards, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145 of the DGCL further provides that: (i) to the extent that a former or present director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (a) and (b) or in the defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith; (ii) indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; and (iii) the corporation may purchase and maintain insurance on behalf of any present or former director, officer, employee or agent of the corporation or any person who at the request of the corporation was serving in such capacity for another entity against any liability asserted against such person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liabilities under Section 145.

In addition, the proposed form of Underwriting Agreement (to be filed by amendment) is expected to provide for indemnification of our directors and officers by the underwriters against certain liabilities.

Article Eighth of our certificate of incorporation authorizes us to provide for the indemnification of officers, directors and third parties acting on our behalf to the fullest extent permissible under Delaware law.

We intend to enter into indemnification agreements with our directors, executive officers and others prior to the completion of this offering, in addition to indemnification provided for in our bylaws, and intend to enter into indemnification agreements with any new directors and executive officers in the future.

We have purchased and intend to maintain insurance on behalf of any person who is or was a director or officer against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

See also the undertakings set forth in response to Item 17 herein.

Item 15. Recent Sales of Unregistered Securities

On June 18, 2020, we received gross proceeds of $3.0 million from a private placement of our series A preferred stock (the "Private Placement"), convertible into 341,250 shares of our common stock, pursuant to the terms of a Securities Purchase Agreement with 22NW, LP, an institutional accredited investor affiliated with Aron R. English, a director of our company. The series A preferred stock is convertible into shares of common stock automatically upon the closing of this offering. The conversion price of the series A preferred stock is $8.7912 per share. The conversion price is subject to adjustment if, at any time prior to conversion of the shares, we issue in a financing additional shares of common stock or other equity or equity-linked securities at a purchase, conversion or exercise price less than $8.7912 per share. In any such case, we have agreed to issue additional shares of series A preferred stock to the investors so that the effective purchase price per share in the Private Placement is reduced by a weighted-average anti-dilution percentage that takes into account both the lower per share purchase, conversion or exercise price and the number of such additional shares issued at the lower price. No adjustment will be made, however, in respect of shares of common stock or stock options issued to employees, directors or consultants, or in connection with acquisitions of other corporations or strategic collaborations approved by our board of directors.

As part of the Private Placement, 22NW, LP and Mr. English, individually, further agreed under the Securities Purchase Agreement to purchase upon the achievement of certain corporate events "milestone" warrants for $1.95754 per warrant (or $2,250,000 in the aggregate). The warrants are exercisable for cash for up to 1,149,401 shares of series A preferred stock at an exercise price of $10.11 per share or on a "net exercise" basis into such lesser number of shares of series A preferred stock by surrendering a portion of the underlying warrant shares, based on the positive difference between the stated warrant exercise price and the initial public offering price per share in this offering, to pay the exercise price. The warrants must be purchased upon our achievement of (i) a filing with the FDA of an investigational new drug application or the making of an analogous regulatory filing in any foreign jurisdiction, whichever is earlier, and (ii) an arrangement by us to produce the active pharmaceutical ingredient of ANEB-001 in amounts sufficient to facilitate the consummation of a trial pursuant to such regulatory filing. The milestone warrants may also be purchased at any time at the option of 22NW, LP and Mr. English.

The sales and issuances of securities in the transactions described above were not registered under the Securities Act of 1933, as amended, in reliance upon the exemption from registration provided by Section 4(a)(2) thereof and Regulation D promulgated thereunder, which exempts transactions by an issuer not involving any public offering.

Item 16. Exhibits and Financial Statement Schedules

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1	Certificate of Incorporation of Anebulo Pharmaceuticals, Inc.
3.2	By-laws of Anebulo Pharmaceuticals, Inc.
3.3*	Form of Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (to be effective upon the closing of this offering)
3.4*	Form of Amended and Restated By-laws of Anebulo Pharmaceuticals, Inc. (to be effective upon the closing of this offering)
4.1*	Specimen Stock Certificate for Common Stock
5.1*	Opinion of Olshan Frome Wolosky LLP
10.1	Series A Preferred Stock Purchase Agreement, dated June 18, 2020, between Anebulo Pharmaceuticals, Inc. and 22NW, LP
10.2	Right of First Refusal and Co-Sale Agreement, dated June 18, 2020, between Anebulo Pharmaceuticals, Inc. and 22NW, LP
10.3	Investors' Rights Agreement, dated June 18, 2020, between Anebulo Pharmaceuticals, Inc. and 22NW, LP
10.4#	License Agreement, dated May 26, 2020, between Vernalis (R&D) Limited and Anebulo Pharmaceuticals, Inc.
10.5†	Employment Agreement, dated July 21, 2020, between Daniel Schneeberger and Anebulo Pharmaceuticals, Inc.
10.6†	Anebulo Pharmaceuticals, Inc. 2020 Stock Incentive Plan, and Form of Award Agreement thereunder
10.7*	Simple Promissory Note, dated May 28, 2020, by Anebulo Pharmaceuticals, Inc. to Joseph F. Lawler in the principal amount of $175,000
10.8*	Simple Promissory Note, dated June 18, 2020, by Anebulo Pharmaceuticals, Inc. to Joseph F. Lawler in the principal amount of $25,000
10.9*	Form of Indemnification Agreement between Anebulo Pharmaceuticals, Inc. and each of its directors
10.10*	Consultancy Agreement, dated July 15, 2020, between Anebulo Pharmaceuticals, Inc. and Traxeus Pharma Services Limited
14.1*	Code of Ethics and Business Conduct
14.2*	Code of Ethics for the CEO and Senior Financial Officers
21.1*	List of subsidiaries
23.1*	Consent of Olshan Frome Wolosky LLP (included in Exhibit 5.1)
23.2*	Consent of EisnerAmper LLP
24.1	Power of Attorney (included on signature page of the registration statement)

† Compensatory plan or agreement.

* To be filed by amendment.

Certain of the schedules and attachments to this exhibit have been omitted pursuant to Regulation S-K, Item 601(a)(5). The registrant hereby undertakes to provide further information regarding such omitted materials to the Securities and Exchange Commission upon request.

(b) Financial Statement Schedules

All financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or in the notes thereto.

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14 or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(l) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Lakeway, State of Texas, on the day of , 2021.

ANEBULO PHARMACEUTICALS, INC.

By: _____
Name: Daniel Schneeberger, M.D.
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Daniel Schneeberger, M.D. and Rex Merchant, and each one of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462 promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
Joseph F. Lawler, M.D., Ph.D.	Founder and Director	, 2021
Daniel Schneeberger, M.D.	Chief Executive Officer (*Principal Executive Officer*)	, 2021
Rex Merchant	Chief Financial Officer (*Principal Financial and Accounting Officer*)	, 2021
Jason M. Aryeh	Director	, 2021
Aron R. English	Director	, 2021
Kenneth Lin, M.D.	Director	, 2021
Karah Parschauer	Director	, 2021

Exhibit 3.1

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ANEBULO PHARMACEUTICALS, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Anebulo Pharmaceuticals, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Anebulo Pharmaceuticals, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on April 23, 2020 under the name Anebulo Pharmaceuticals, Inc.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Anebulo Pharmaceuticals, Inc. (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 9 East Lookerman Street, Suite 311, in the City of Dover, County of Kent. The name of its registered agent at such address is Registered Agent Solutions, Inc.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 3,800,000 shares of Common Stock, $0.001 par value per share ("**Common Stock**") and (ii) 1,490,651 shares of Preferred Stock, $0.0001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

3. Stock Split. Upon the filing of this Amended and Restated Certificate of Incorporation (the "Filing Time"), each share of Common Stock of the Corporation that was issued and outstanding immediately prior to the Filing Time (the "**Prior Shares**") shall be converted into .57142857 shares of Common Stock (the "**Reverse Split**"). The Reverse Split shall be effected automatically on a holder-by-holder basis without any action on the part of the holders of the Prior Shares, and any fractional shares resulting from the Reverse Split shall be rounded to the nearest whole share. The par value per share of Common Stock shall not be affected by the Reverse Split.

B. PREFERRED STOCK

1,490,651 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated "**Series A Preferred Stock**" with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends.

The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in this Amended and Restated Certificate of Incorporation) the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Series A Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Series A Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Series A Preferred Stock dividend. The "**Series A Original Issue Price**" shall mean $8.7912 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales

2.1 Preferential Payments to Holders of Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, and in the event of a Deemed Liquidation Event (as defined below), the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the consideration payable to stockholders in such Deemed Liquidation Event or out of the Available Proceeds (as defined below), as applicable, before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) 1 times the Series A Original Issue Price, or (ii) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Series A Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after the payment in full of all Series A Liquidation Amounts required to be paid to the holders of shares of Series A Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of shares of Series A Preferred Stock pursuant to Section 2.1 or the remaining Available Proceeds, as the case may be, shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of at least a majority of the outstanding shares of Series A Preferred Stock (the "**Requisite Holders**") elect otherwise by written notice sent to the Corporation at least fifteen days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) (1) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to inSubsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation in such Deemed Liquidation Event shall be paid to the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to inSubsection 2.3.1(a)(ii) or 2.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Series A Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Series A Preferred Stock, and (iii) if the holders of a Requisite Majority so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150th) day after such Deemed Liquidation Event (the "**Redemption Date**"), to redeem all outstanding shares of Series A Preferred Stock at a price per share equal to the Series A Liquidation Amount (the "**Redemption Price**"). Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Series A Preferred Stock, the Corporation shall redeem a pro rata portion of each holder's shares of Series A Preferred Stock to the fullest extent of such Available Proceeds, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The Corporation shall send written notice of the mandatory redemption (the "**Redemption Notice**") to each holder of record of Preferred Stock not less than forty (40) days prior to the Redemption Date. The Redemption Notice shall state:

(i) the number of shares of Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(ii) the Redemption Date and the Redemption Price;

(iii) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and

(iv) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

(c) Surrender of Certificates; Payment. On or before the Redemption Date, each holder of shares of Series A Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Series A Preferred Stock represented by a certificate are redeemed, a new certificate, instrument, or book entry representing the unredeemed shares of Series A Preferred Stock shall promptly be issued to such holder. Prior to the distribution or redemption provided for in this Subsection 2.3.2(c), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business. Prior to the distribution or redemption provided for in this Subsection 2.3.2(c), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities to be paid or distributed to such holders pursuant to such Deemed Liquidation Event. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.3.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.3.4, consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of this Amended and Restated Certificate of Incorporation, holders of Series A Preferred Stock shall vote together with the holders of Common Stock as a single class and on an as-converted to Common Stock basis.

3.2 Election of Directors. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series A Directors**") and the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect 4 directors of the Corporation. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Series A Preferred Stock), exclusively and voting together as a single class, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2. The rights of the holders of the Series A Preferred Stock and the rights of the holders of the Common Stock under the first sentence of this Subsection 3.2 shall terminate on the first date following the Series A Original Issue Date (as defined below) on which there are issued and outstanding less than 255,938 of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination, or other similar recapitalization with respect to the Series A Preferred Stock)

3.3 Series A Preferred Stock Protective Provisions. At any time when at least 255,938 shares of Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or this Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

3.3.1 amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation in a manner that is specifically adverse to the powers, preferences or rights of the Series A Preferred Stock (it being agreed that customary amendments in connection with bona fide capital raising transactions shall not be deemed specifically adverse)

3.3.2 create, or authorize the creation of, or issue, or authorize the issuance of any debt security or create any lien or security interest (except for purchase money liens or statutory liens of landlords, mechanics, materialmen, workmen, warehousemen and other similar persons arising or incurred in the ordinary course of business) or incur other indebtedness for borrowed money, including but not limited to obligations and contingent obligations under guarantees, or permit any subsidiary to take any such action with respect to any debt security lien, security interest or other indebtedness for borrowed money, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $250,000, other than equipment leases, bank lines of credit or trade payables incurred in the ordinary course, and unless such debt security has received the prior approval of the Board of Directors, including the approval of at least one Series A Director

3.3.3 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to any of the foregoing;

3.3.4 (i) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series A Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series A Preferred Stock in respect of any such right, preference, or privilege or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series A Preferred Stock in respect of any such right, preference or privilege; or

3.3.5 increase or decrease the authorized number of directors constituting the Board of Directors other than in connection with the consummation of bona fide capital raising transactions.

4. Optional Conversion.

The holders of the Series A Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, in each case following, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Series A Original Issue Price by the Series A Conversion Price (as defined below) in effect at the time of conversion; *provided*, that the shares of Series A Preferred Stock may not be converted into shares of Common Stock at the option of the holder thereof prior to the Milestone Closing (as defined below) and any Special Mandatory Conversion (as defined below) effected in connection with such Milestone Closing. The "**Series A Conversion Price**" shall initially be equal to $8.7912. Such initial Series A Conversion Price, and the rate at which shares of Series A Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a notice of redemption of any shares of Series A Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series A Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Series A Preferred Stock to voluntarily convert shares of Series A Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Series A Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Series A Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Series A Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series A Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Series A Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Series A Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Series A Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Series A Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series A Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Amended and Restated Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non- assessable shares of Common Stock at such adjusted Series A Conversion Price.

4.3.3 Effect of Conversion. All shares of Series A Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Series A Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Series A Conversion Price shall be made for any declared but unpaid dividends on the Series A Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery

of shares of Common Stock upon conversion of shares of Series A Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Series A Conversion Price for Diluting Issues

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) ("**Series A Original Issue Date**" shall mean the date on which the first share of Series A Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series A Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Series A Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation; or

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock or Preferred Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation; or

(vi) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board of Directors of the Corporation; or

(vii) shares of Common Stock, Options or Convertible Securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the Board of Directors of the Corporation; or

(viii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board of Directors of the Corporation.

4.4.2 No Adjustment of Series A Conversion Price . No adjustment in the Series A Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock, (i) if the Corporation receives written notice from the Requisite Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock, or (ii) following a Special Mandatory Conversion.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series A Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of

such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Series A Conversion Price to an amount which exceeds the lower of (i) the Series A Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Series A Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series A Original Issue Date), are revised after the Series A Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, the Series A Conversion Price shall be readjusted to such Series A Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Series A Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Series A Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Series A Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series A Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Series A Conversion Price in effect immediately prior to such issuance or deemed issuance, then the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1* (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP2" shall mean the Series A Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock

(b) "CP1" shall mean the Series A Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Series A Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.5 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, the Series A Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.6 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series A Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series A Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.7 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Series A Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Series A Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

4.9 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series A Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

4.10 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Preferred Stock.

4.11 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable

upon conversion of the Series A Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Series A Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, and in connection with such offering the Common Stock is listed for trading on the Nasdaq Stock Market's National Market, the New York Stock Exchange or another exchange or marketplace approved the Board of Directors, or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the Requisite Holders (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Series A Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1. and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Series A Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Series A Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Series A Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series A Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b)pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series A Preferred Stock converted. Such converted Series A Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

5A. Special Mandatory Conversion.

5A.1. Trigger Event. In the event that any holder of shares of Series A Preferred Stock does not participate in a Milestone Closing (as defined below) by purchasing in the aggregate, in such Milestone Closing and within the time period specified by the Corporation (provided that, the Corporation has sent to each holder of Series A Preferred Stock at least ten (10) days written notice of, and the opportunity to purchase its Pro Rata Amount (as defined below) of, the Milestone Closing), such holder's Pro Rata Amount, then each share of Series A Preferred Stock held by such holder shall automatically, and without any further action on the part of such holder, be converted into shares of Common Stock at the Series A Conversion Price in effect immediately prior to the consummation of such Qualified Financing, effective upon, subject to, and concurrently with, the consummation of the Qualified Financing. For purposes of determining the number of shares of Series A Preferred Stock owned by a holder, and for determining the number of Offered Securities (as defined below) a holder of Series A Preferred Stock has purchased in a Qualified Financing, all shares of Series A Preferred Stock held by Affiliates (as defined below) of such holder shall be aggregated with such holder's shares and all Offered Securities purchased by Affiliates of such holder shall be aggregated with the Offered Securities purchased by such holder (provided that no shares or securities shall be attributed to more than one entity or person within any such group of affiliated entities or persons). Such conversion is referred to as a "**Special Mandatory Conversion**."

5A.2. Procedural Requirements. Upon a Special Mandatory Conversion, each holder of shares of Series A Preferred Stock converted pursuant toSubsection 5A.1 shall be sent written notice of such Special Mandatory Conversion and the place designated for mandatory conversion of all such shares of Series A Preferred Stock pursuant to this Section 5A. Upon receipt of such notice, each holder of such shares of Series A Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that any such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Preferred Stock converted pursuant to Subsection 5A.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the time of the Special Mandatory Conversion (notwithstanding the failure of the holder or holders thereof to surrender any certificates for such shares at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders therefor (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Subsection 5A.2. As soon as practicable after the Special Mandatory Conversion and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series A Preferred Stock so converted, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Series A Preferred Stock converted and (c) a new certificate for the number of shares, if any, of Series A Preferred Stock represented by such surrendered certificate and not converted pursuant to Subsection 5A.1. Such converted Series A Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

5A.3. Definitions. For purposes of this Section 5A, the following definitions shall apply:

5A.3.1 "**Affiliate**" shall mean, with respect to any holder of shares of Series A Preferred Stock, any person, entity or firm which, directly or indirectly, controls, is controlled by or is under common control with such holder, including, without limitation, any entity of which the holder is a partner or member, any partner, officer, director, member or employee of such holder and any venture capital fund or registered investment company now or hereafter existing of which the holder is a partner or member which is controlled by or under common control with one or more general partners, managing members or investment advisors of such holder or shares the same management company or investment advisor with such holder.

5A.3.2 "**Milestone Securities**" shall mean warrants to purchase shares of Series A Preferred Stock of the Corporation set aside by the Board of Directors of the Corporation for purchase by holders of outstanding shares of Series A Preferred Stock in connection with a Milestone Closing, and required to be purchased by such holders pursuant to the terms of that certain Series A Preferred Purchase Agreement by and among the Corporation and such holders (the "Purchase Agreement").

5A.3.3 "**Pro Rata Amount**" shall mean, with respect to any holder of Series A Preferred Stock, such number of Milestone Securities that such holder is required to purchase under the Purchase Agreement.

5A.3.4 "**Milestone Closing**" shall have the meaning ascribed thereto in the Purchase Agreement.

6. Redeemed or Otherwise Acquired Shares. Any shares of Series A Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Series A Preferred Stock following redemption.

7. Waiver. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of a Requisite Majority.

8. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Series A Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by this Amended and Restated Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by this Amended and Restated Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation. Each director shall be entitled to one vote on each matter presented to the Board of Directors; provided, however, that, so long as the holders of Series A Preferred Stock are entitled to elect a Series A Director, the affirmative vote of the Series A Director shall be required for the authorization by the Board of Directors of any of the matters set forth in Section 5.5 of the Investors' Rights Agreement, dated on or about the date hereof, by and among the Corporation and the other parties thereto, as such agreement may be amended from time to time.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not (a) adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification or (b) increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Series A Preferred Stock or any partner, member, director, stockholder, employee, affiliate or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, the persons referred to in clauses (i) and (ii) are "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation while such Covered Person is performing services in such capacity. Any repeal or modification of this Article Eleventh will only be prospective and will not affect the rights under this Article Eleventh in effect at the time of the occurrence of any actions or omissions to act giving rise to liability. Notwithstanding anything to the contrary contained elsewhere in this Amended and Restated Certificate of Incorporation, the affirmative vote of a Requisite Majority will be required to amend or repeal, or to adopt any provisions inconsistent with this Article Eleventh.

TWELFTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any

action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any sentence of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

THIRTEENTH: For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Amended and Restated Certificate of Incorporation from employees, officers, directors or consultants of the Corporation in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board of Directors (in addition to any other consent required under this Amended and Restated Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 18th day of June, 2020.

By: */s/ Joseph F. Lawler*
President

Exhibit 3.2

BY-LAWS OF

ANEBULO PHARMACEUTICALS, INC.

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ARTICLE I

STOCKHOLDERS

1.1 Place of Meetings. All meetings of stockholders shall be held at such place as may be designated from time to time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President or, if not so designated, at the principal office of the corporation. The Board of Directors may, in its sole discretion, determine that a meeting shall not be held at any place, but may instead be held solely by means of remote communication in a manner consistent with the General Corporation Law of the State of Delaware.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date and at a time designated by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President (which date shall not be a legal holiday in the place where the meeting is to be held).

1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by only the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President, and may not be called by any other person or persons. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Except as otherwise provided by law, notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the General Corporation Law of the State of Delaware) by the stockholder to whom the notice is given. The notices of all meetings shall state the place, if any, date and time of the meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the General Corporation Law of the State of Delaware.

1.5 Voting List. The Secretary shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. If the meeting is to be held at a physical location (and not solely by means of remote communication), then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the holders of a majority in voting power of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of capital stock is required by law or the Certificate of Incorporation, the holders of a majority in voting power of the shares of such class or classes or series of the capital stock of the corporation issued and outstanding and entitled to vote on such matter, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on such matter. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

1.7 Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these By-laws by the chairman of the meeting or by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place, if any, of the adjourned meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action without a meeting, may vote or express such consent or dissent in person (including by means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting) or may authorize another person or persons to vote or act for such stockholder by a proxy executed or transmitted in a manner permitted by the General Corporation Law of the State of Delaware by the stockholder or such stockholder's authorized agent and delivered (including by electronic transmission) to the Secretary of the corporation. No such proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. When a quorum is present at any meeting, any matter other than the election of directors to be voted upon by the stockholders at such meeting shall be decided by the vote of the holders of shares of stock having a majority in voting power of the votes cast by the holders of all of the shares of stock present or represented at the meeting and voting affirmatively or negatively on such matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each such class or series, the holders of a majority in voting power of the shares of stock of that class or series present or represented at the meeting and voting affirmatively or negatively on such matter), except when a different vote is required by law, the Certificate of Incorporation or these By-laws. When a quorum is present at any meeting, any election by stockholders of directors shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

1.10 Conduct of Meetings.

(a) Chairman of Meeting. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence by the Vice Chairman of the Board, if any, or in the Vice Chairman's absence by the Chief Executive Officer, or in the Chief Executive Officer's absence, by the President, or in the President's absence by a Vice President, or in the absence of all of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen by vote of the stockholders at the meeting. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) Rules, Regulations and Procedures. The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

1.11 Action without Meeting.

(a) Taking of Action by Consent. Any action required or permitted to be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on such action were present and voted. Except as otherwise provided by the Certificate of Incorporation, stockholders may act by written consent to elect directors; provided, however, that, if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

(b) Electronic Transmission of Consents. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

(c) Notice of Taking of Corporate Action. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation.

ARTICLE II

DIRECTORS

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation.

2.2 Number, Election and Qualification. Subject to the rights of holders of any series of preferred stock to elect directors, the number of directors of the corporation shall be established from time to time by the stockholders or the Board of Directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Election of directors need not be by written ballot. Directors need not be stockholders of the corporation.

2.3 Chairman of the Board; Vice Chairman of the Board. The Board of Directors may appoint from its members a Chairman of the Board and a Vice Chairman of the Board, neither of whom need be an employee or officer of the corporation. If the Board of Directors appoints a Chairman of the Board, such Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors and, if the Chairman of the Board is also designated as the corporation's Chief Executive Officer, shall have the powers and duties of the Chief Executive Officer prescribed in Section 3.7 of these By-laws. If the Board of Directors appoints a Vice Chairman of the Board, such Vice Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors. Unless otherwise provided by the Board of Directors, the Chairman of the Board or, in the Chairman's absence, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors.

2.4 Tenure. Each director shall hold office until the next annual meeting of stockholders and until a successor is elected and qualified, or until such director's earlier death, resignation or removal.

2.5 Quorum. A majority of the directors at any time in office shall constitute a quorum of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.6 Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting of the Board of Directors duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Certificate of Incorporation.

2.7 Removal. Except as otherwise provided by the General Corporation Law of the State of Delaware, any one or more or all of the directors of the corporation may be

removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except that the directors elected by the holders of a particular class or series of stock may be removed without cause only by vote of the holders of a majority of the outstanding shares of such class or series.

2.8 Vacancies. Subject to the rights of holders of any series of Preferred Stock to elect directors, unless and until filled by the stockholders, any vacancy or newly-created directorship on the Board of Directors, however occurring, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of such director's predecessor in office, and a director chosen to fill a position resulting from a newly-created directorship shall hold office until the next annual meeting of stockholders and until a successor is elected and qualified, or until such director's earlier death, resignation or removal.

2.9 Resignation. Any director may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event.

2.10 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.11 Special Meetings. Special meetings of the Board of Directors may be held at any time and place designated in a call by the Chairman of the Board, the Chief Executive Officer, the President, two or more directors, or by one director in the event that there is only a single director in office.

2.12 Notice of Special Meetings. Notice of the date, place, if any, and time of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (a) in person or by telephone at least 24 hours in advance of the meeting, (b) by sending written notice by reputable overnight courier, telecopy, facsimile or electronic transmission, or delivering written notice by hand, to such director's last known business, home or electronic transmission address at least 48 hours in advance of the meeting, or (c) by sending written notice by first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.13 Meetings by Conference Communications Equipment. Directors may participate in meetings of the Board of Directors or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.14 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent to the action in writing or by electronic transmission, and the written consents or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.15 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation with such lawfully delegable powers and duties as the Board of Directors thereby confers, to serve at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors. Except as otherwise provided in the Certificate of Incorporation, these By-laws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

2.16 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary entities in any other capacity and receiving compensation for such service.

ARTICLE III

OFFICERS

3.1 Titles. The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The Chief Executive Officer, President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws, each officer shall hold office until such officer's successor is elected and qualified, unless a different term is specified in the resolution electing or appointing such officer, or until such officer's earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering a written resignation to the corporation at its principal office or to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event. Any officer may be removed at any time, with or without cause, by vote of a majority of the directors then in office. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following such officer's resignation or removal, or any right to damages on account of such removal, whether such officer's compensation be by the month or by the year or otherwise, unless such compensation is expressly provided for in a duly authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of Chief Executive Officer, President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is elected and qualified, or until such officer's earlier death, resignation or removal.

3.7 President; Chief Executive Officer. Unless the Board of Directors has designated another person as the corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The Chief Executive Officer shall have general charge and supervision of the business of the corporation subject to the direction of the Board of Directors, and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to such officer by the Board of Directors. The President shall perform such other duties and shall have such other powers as the Board of Directors or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe. In the event of the absence, inability or refusal to act of the Chief Executive Officer or the President (if the President is not the Chief Executive Officer), the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the Chief Executive Officer and when so performing such duties shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

3.8 Vice Presidents. Each Vice President shall perform such duties and possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.9 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the chairman of the meeting shall designate a temporary secretary to keep a record of the meeting.

3.10 Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned by the Board of Directors or the Chief Executive Officer. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.11 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

3.12 Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

ARTICLE IV

ARTICLE IV CAPITAL STOCK

4.1 Issuance of Stock. Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any shares of the authorized capital stock of the corporation held in the corporation's treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such lawful consideration and on such terms as the Board of Directors may determine.

4.2 Stock Certificates; Uncertificated Shares. The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the corporation's stock shall be uncertificated shares. Every holder of stock of the corporation represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, representing the number of shares held by such holder registered in certificate form. Each such certificate shall be signed in a manner that complies with Section 158 of the General Corporation Law of the State of Delaware.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, these By-laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 202(a) or 218(a) of the General Corporation Law of the State of Delaware or, with respect to Section 151 of General Corporation Law of the State of Delaware, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3 Transfers. Shares of stock of the corporation shall be transferable in the manner prescribed by law and in these By-laws. Transfers of shares of stock of the corporation shall be made only on the books of the corporation or by transfer agents designated to transfer shares of stock of the corporation. Subject to applicable law, shares of stock represented by certificates shall be transferred only on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-laws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not precede the date on which the resolution fixing the record date is adopted, and such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 10 days after the date of adoption of a record date for a consent without a meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. If no record date is fixed, the record date for determining stockholders entitled to express consent to corporate action without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first consent is properly delivered to the corporation. If no record date is fixed, the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

4.6 Regulations. The issue, transfer, conversion and registration of shares of stock of the corporation shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE V

GENERAL PROVISIONS

5.1 Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January of each year and end on the last day of December in each year.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these By-laws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before, at or after the time of the event for which notice is to be given, shall be deemed equivalent to notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in any such waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

5.4 Voting of Securities. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, the President or the Treasurer may waive notice of, vote, or appoint any person or persons to vote, on behalf of the corporation at, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or securityholders of any other entity, the securities of which may be held by this corporation.

5.5 Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these By-laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Severability. Any determination that any provision of these By-laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-laws.

5.8 Pronouns. All pronouns used in these By-laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

5.9 Exclusive Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation to the Corporation or the Corporation's stockholders; (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware).

ARTICLE VI

ARTICLE VI AMENDMENTS

6.1 By the Board of Directors. These By-laws may be altered, amended or repealed, in whole or in part, or new by-laws may be adopted by the Board of Directors.

6.2 By the Stockholders. These By-laws may be altered, amended or repealed, in whole or in part, or new by-laws may be adopted by the affirmative vote of the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at any annual meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption new by-laws shall have been stated in the notice of such special meeting.

Exhibit 10.1

SERIES A PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES A PREFERRED STOCK PURCHASE AGREEMENT (this "**Agreement**"), is made as of the 18th day of June, 2020 by and among Anebulo Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), the investors listed on Exhibit A attached to this Agreement (each a "**Purchaser**" and together the "**Purchasers**").

The parties hereby agree as follows:

1. Purchase and Sale of Preferred Stock.

1.1 Sale and Issuance of Preferred Stock.

(a) The Company shall adopt and file with the Secretary of State of the State of Delaware on or before the Initial Closing (as defined below) the Amended and Restated Certificate of Incorporation in the form of Exhibit B attached to this Agreement (the "**Restated Certificate**").

(b) Subject to the terms and conditions of this Agreement, each Purchaser agrees to purchase at the Closing and the Company agrees to sell and issue to each Purchaser at the Closing that number of shares of Series A Preferred Stock, $0.0001 par value per share (the "**Series A Preferred Stock**"), set forth opposite each Purchaser's name on Exhibit A, at a purchase price of $8.79120 per share. The shares of Series A Preferred Stock issued to the Purchasers pursuant to this Agreement (including any shares issued at the Initial Closing and any Milestone Shares, as defined below) shall be referred to in this Agreement as the "**Shares**."

1.2 Closing; Delivery.

(a) The initial purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures, at such time and place as the Company and the Purchasers mutually agree upon, orally or in writing (which time and place are designated as the "**Initial Closing**"). In the event there is more than one closing, the term "**Closing**" shall apply to each such closing unless otherwise specified.

(b) At each Closing, the Company shall deliver to each Purchaser a certificate representing the Shares being purchased by such Purchaser at such Closing against payment of the purchase price therefor by check payable to the Company, by wire transfer to a bank account designated by the Company.

1.3 Sale of Milestone Warrants to Purchase Shares of Preferred Stock.

(a) After the Initial Closing, the Company shall sell, and the Purchasers shall purchase, on the terms and conditions set forth in that certain Warrant Purchase Agreement attached hereto as Exhibit J ("**Warrant Purchase Agreement**"), warrants to purchase up to 1,149,401 additional shares of Series A Preferred Stock (the "**Milestone Warrants**"), as set forth on Exhibit A hereto, on the certification by the Board that the events specified in Exhibit I attached to this Agreement have occurred (the "**Milestone Events**"). The date of the purchase and sale of the Milestone Warrants is referred to in this Agreement as the "**Milestone Closing**." Notwithstanding the foregoing, any Purchaser may, in such Purchaser's discretion, elect to consummate a Milestone Closing in respect of such Purchaser's portion of the Milestone Warrants at any time prior to the occurrence of the Milestone Events. A Purchaser shall be entitled to assign the obligation to purchase Milestone Warrants under this Section 1.3(a) to (i) its Affiliates and (ii) its beneficial interest holders, such as limited partners, members or any other Person having "beneficial ownership," as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such Purchaser ("**Purchaser Beneficial Owners**"); provided that each such Affiliate or Purchaser Beneficial Owner (x) is not a Competitor or FOIA Party (as such terms are defined in the Investors' Rights Agreement and as determined in the discretion of the Board of Directors of the Company ("**Board**")), unless such party's purchase of Milestone Warrants is otherwise consented to by the Board, (y) agrees to enter into the Warrant Purchase Agreement, and (z) agrees to purchase at least twenty-five (25%) of the Milestone Warrants obligated to be purchased by such Purchaser at the Milestone Closing.

(b) At the Milestone Closing, if any Purchaser or any Affiliate of such Purchaser (other than any Affiliate that has a direct obligation to purchase Milestone Warrants) fails to purchase the Milestone Warrants that such Person is obligated to purchase pursuant to Subsection 1.3(c) hereof or any other agreement between such Person and the Company (a "**Defaulting Purchaser**"), then each share of Series A Preferred Stock held immediately prior to the Milestone Closing by such Milestone Closing Defaulting Purchaser or any of its Affiliates (other than any Affiliate that has a direct obligation to purchase Milestone Warrants) shall automatically and without further action on the part of such Milestone Defaulting Purchaser or any of its Affiliates (other than any Affiliate that has a direct obligation to purchase Milestone Warrants) be converted, effective upon, and subject to and concurrently with the consummation of the Milestone Closing, into fully-paid and non-assessable shares of Common Stock at the rate of (1) share of Series A Preferred Stock to one (1) share of Common Stock, all pursuant to, and as further provided in, Section 5A.1 of Part B Article Fourth of the Restated Certificate (a "**Special Mandatory Conversion**).

(c) Each Purchaser that has complied with its obligations to purchase Milestone Warrants (each, a "**Complying Purchaser**") as of such date and has not been subject to a "Special Mandatory Conversion" shall have an option (and the Company shall notify each such Purchaser of such option), exercisable by delivering written notice to the Company within fifteen days after receipt of the Company's notice regarding the Defaulting Purchaser, to purchase, and the Company shall sell to such Purchaser, up to its pro rata percentage (based on the number of shares of Common Stock issued or issuable upon conversion of Shares held by held by such Complying Purchaser compared to the total number of shares of Common Stock issued or issuable upon conversion of Shares held by held by all Complying Purchasers) of the Milestone Warrants that the Defaulting Purchaser failed to purchase (such warrants being referred to herein as "**Optional Warrants**", and each Complying Purchaser electing to purchase being referred to herein as a "**Participating Purchaser**"), which notice shall also indicate the maximum number of Milestone Warrants, if any, such Participating Purchaser would purchase in excess of such Participating Purchaser's pro rata percentage (the "**Excess Amount**"). If one or more such Complying Purchaser declines to exercise its option to purchase Optional Warrants, or elects to purchase less than such Complying Purchaser's pro rata percentage of the Optional Warrants, then such rejected Milestone Warrants shall automatically be deemed to be accepted by the Participating Purchasers who specified an Excess Amount in their respective notices delivered to the Company, allocated among such Participating Purchasers in proportion to their respective pro rata percentages; provided, that in no event shall an amount greater than a Participating Purchaser's Excess Amount be allocated to such Participating Purchaser. The procedure set forth in the preceding sentence shall be employed on an iterative basis until the entire Excess Amount of each Participating Purchaser has been satisfied or until all of the Optional Warrants shall have been allocated.

1.4 Use of Proceeds. In accordance with the directions of the Company's Board of Directors, as it shall be constituted in accordance with the Voting Agreement, the Company will use the proceeds from the sale of the Shares for product development and other general corporate purposes.

1.5 Defined Terms Used in this Agreement. In addition to the terms defined above, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a) "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund

or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person.

(b) "**Code**" means the Internal Revenue Code of 1986, as amended.

(c) "**Company Intellectual Property**" means all patents, patent applications, registered and unregistered trademarks, trademark applications, registered and unregistered service marks, service mark applications, tradenames, copyrights, trade secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, licenses in, to and under any of the foregoing, and any and all such cases that are owned or used by the Company in the conduct of the Company's business as now conducted and as presently proposed to be conducted.

(d) "**Indemnification Agreement**" means the agreement between the Company and the director and Purchaser Affiliates designated by any Purchaser entitled to designate a member of the Board of Directors pursuant to the Voting Agreement, dated as of the date of the Initial Closing, in the form of Exhibit D attached to this Agreement.

(e) "**Investors' Rights Agreement**" means the agreement among the Company and the Purchasers dated as of the date of the Initial Closing, in the form of Exhibit E attached to this Agreement.

(f) "**Key Employee**" means any executive-level employee (including division director and vice president-level positions) as well as any employee or consultant who either alone or in concert with others develops, invents, programs or designs any Company Intellectual Property.

(g) "**Knowledge**" including the phrase "**to the Company's knowledge**" shall mean the actual knowledge of Jonathan F. Lawler.

(h) "**Management Rights Letter**" means the agreement between the Company and 22NW, LP, dated as of the date of the Initial Closing, in the form of Exhibit F attached to this Agreement.

(i) "**Material Adverse Effect**" means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property or results of operations of the Company.

(j) "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(k) "**Purchaser**" means each of the Purchasers who is initially a party to this Agreement and any Additional Purchaser who becomes a party to this Agreement at a subsequent Closing under Subsection 1.2(b).

(l) "**Right of First Refusal and Co-Sale Agreement**" means the agreement among the Company, the Purchasers, and certain other stockholders of the Company, dated as of the date of the Initial Closing, in the form of Exhibit G attached to this Agreement.

(m) "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(n) "**Shares**" means the shares of Series A Preferred Stock issued at the Initial Closing and any Milestone Shares for which a Milestone Warrant is issued at a subsequent Closing under Subsection 1.2(b).

(o) "**Transaction Agreements**" means this Agreement, the Investors' Rights Agreement, the Management Rights Letter, the Right of First Refusal and Co-Sale Agreement, the Voting Agreement.

(p) "**Voting Agreement**" means the agreement among the Company, the Purchasers and certain other stockholders of the Company, dated as of the date of the Initial Closing, in the form of Exhibit H attached to this Agreement.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to each Purchaser that, except as set forth on the Disclosure Schedule attached as Exhibit C to this Agreement, which exceptions shall be deemed to be part of the representations and warranties made hereunder, the following representations are true and complete as of the date of the Initial Closing, except as otherwise indicated. The Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Section 2, and the disclosures in any section or subsection of the Disclosure Schedule shall qualify other sections and subsections in this Section 2 only to the extent it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections and subsections.

For purposes of these representations and warranties (other than those in Subsections 2.2, 2.3, 2.4, 2.5, and 2.6), the term the "**Company**" shall include any subsidiaries of the Company, unless otherwise noted herein.

2.1 Organization, Good Standing, Corporate Power and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and as presently proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

2.2 Capitalization.

(a) The authorized capital of the Company consists, immediately prior to the Initial Closing, of:

(i) 3,800,000 shares of common stock, $0.001 par value per share (the "**Common Stock**"), 2,000,000 shares of which are issued and outstanding immediately prior to the Initial Closing. All of the outstanding shares of Common Stock have been duly authorized, are fully paid and nonassessable and were issued in compliance with all applicable federal and state securities laws. The Company holds no Common Stock in its treasury.

(ii) 1,490,651 shares of Preferred Stock, of which all have been designated Series A Preferred Stock, none of which are issued and outstanding immediately prior to the Initial Closing. The rights, privileges and preferences of the Preferred Stock are as stated in the Restated Certificate and as provided by the Delaware General Corporation Law. The Company holds no Preferred Stock in its treasury.

(b) The Company has reserved 275,000 shares of Common Stock for issuance to officers, directors, employees and consultants of the Company pursuant to its 2020 Stock Incentive Plan duly adopted by the Board of Directors and approved by the Company stockholders (the "**Stock Plan**"). Of such reserved shares of Common Stock, no shares have been issued pursuant to restricted stock purchase agreements, options to purchase no shares have been granted and are currently outstanding,

and 275,000 shares of Common Stock remain available for issuance to officers, directors, employees and consultants pursuant to the Stock Plan. The Company has furnished to the Purchasers complete and accurate copies of the Stock Plan and forms of agreements used thereunder.

(c) Subsection 2.2(b) of the Disclosure Schedule sets forth the capitalization of the Company immediately following the Initial Closing including the number of shares of the following: (i) issued and outstanding Common Stock, including, with respect to restricted Common Stock, vesting schedule and repurchase price; (ii) granted stock options, including vesting schedule and exercise price; (iii) shares of Common Stock reserved for future award grants under the Stock Plan; (iv) each series of Preferred Stock; and (v) warrants or stock purchase rights, if any. Except for (A) the conversion privileges of the Shares to be issued under this Agreement, (B) the rights provided in Section 4 of the Investors' Rights Agreement, and (C) the securities and rights described in Subsection 2.2(a)(ii) of this Agreement and Subsection 2.2(b) of the Disclosure Schedule, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights) or agreements, orally or in writing, to purchase or acquire from the Company any shares of Common Stock or Series A Preferred Stock, or any securities convertible into or exchangeable for shares of Common Stock or Series A Preferred Stock. All outstanding shares of the Company's Common Stock and all shares of the Company's Common Stock underlying outstanding options are subject to (i) a right of first refusal in favor of the Company upon any proposed transfer (other than transfers for estate planning purposes); and (ii) a lock-up or market standoff agreement of not less than one hundred eighty (180) days following the Company's initial public offering pursuant to a registration statement filed with the Securities and Exchange Commission under the Securities Act.

(d) None of the Company's stock purchase agreements or stock option documents contains a provision for acceleration of vesting (or lapse of a repurchase right) or other changes in the vesting provisions or other terms of such agreement or understanding upon the occurrence of any event or combination of events, including without limitation in the case where the Company's Stock Plan is not assumed in an acquisition. The Company has never adjusted or amended the exercise price of any stock options previously awarded, whether through amendment, cancellation, replacement grant, repricing, or any other means. Except as set forth in the Restated Certificate, the Company has no obligation (contingent or otherwise) to purchase or redeem any of its capital stock.

(e) The Company has obtained valid waivers of any rights by other parties to purchase any of the Shares covered by this Agreement.

2.3 Subsidiaries. The Company does not currently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association, or other business entity. The Company is not a participant in any joint venture, partnership or similar arrangement.

2.4 Authorization. All corporate action required to be taken by the Company's Board of Directors and stockholders in order to authorize the Company to enter into the Transaction Agreements, and to issue the Shares at the Closing and the Common Stock issuable upon conversion of the Shares, has been taken or will be taken prior to the Closing. All action on the part of the officers of the Company necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of the Company under the Transaction Agreements to be performed as of the Closing, and the issuance and delivery of the Shares has been taken or will be taken prior to the Closing. The Transaction Agreements, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (iii) to the extent the indemnification provisions contained in the Investors' Rights Agreement and the Indemnification Agreement may be limited by applicable federal or state securities laws.

2.5 Valid Issuance of Shares. The Shares, when issued, sold 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 the Transaction Agreements, applicable state and federal securities laws and liens or encumbrances created by or imposed by a Purchaser. Assuming the accuracy of the representations of the Purchasers in Section 3 of this Agreement and subject to the filings described in the Voting Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws. The Common Stock issuable upon conversion of the Shares has been duly reserved for issuance, and upon issuance in accordance with the terms of the Restated Certificate, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable federal and state securities laws and liens or encumbrances created by or imposed by a Purchaser. Based in part upon the representations of the Purchasers in Section 3 of this Agreement and in the Voting Agreement, the Common Stock issuable upon conversion of the Shares will be issued in compliance with all applicable federal and state securities laws.

2.6 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Purchasers in Section 3 of this Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of the Company in connection with the consummation of the transactions contemplated by this Agreement, except for (i) the filing of the Restated Certificate, which will have been filed as of the Initial Closing, and (ii) filings pursuant to Regulation D of the Securities Act, and applicable state securities laws, which have been made or will be made in a timely manner.

2.7 Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or to the Company's knowledge, currently threatened in writing (i) against the Company or any officer, director or Key Employee of the Company arising out of their employment or board relationship with the Company; or (ii) to the Company's knowledge, that questions the validity of the Transaction Agreements or the right of the Company to enter into them, or to consummate the transactions contemplated by the Transaction Agreement; or (iii) to the Company's knowledge, that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Neither the Company nor, to the Company's knowledge, any of its officers, directors or Key Employees is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality (in the case of officers, directors or Key Employees, such as would affect the Company). There is no action, suit, proceeding or investigation by the Company pending or which the Company intends to initiate. The foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened in writing (or any basis therefor known to the Company) involving the prior employment of any of the Company's employees, their services provided in connection with the Company's business, any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers.

2.8 Intellectual Property. The Company owns or possesses or believes it can acquire on commercially reasonable terms sufficient legal rights to all Company Intellectual Property without any known conflict with, or infringement of, the rights of others, including prior employees or consultants, or academic or medical institutions with which any of them may be affiliated now or may have been affiliated in the past. To the Company's knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by the Company violates or will violate any license or infringes or will infringe any intellectual property rights of any other party. Other than with respect to commercially available software products under standard end-user object code license agreements, there are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Company Intellectual Property, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other Person. The Company has not received any communications alleging that the Company has violated, or by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other Person. The Company has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Company's business. To the Company's knowledge, it will not be necessary to use any inventions of any of its employees or consultants (or Persons it currently intends to hire) made prior to their employment by the Company, including prior employees or consultants, or academic or medical institutions with which any of them may be affiliated now or may have been affiliated in the past. Each employee and consultant has assigned to the Company all intellectual property rights he or she owns that are related to the Company's business as now conducted and as presently proposed to be conducted and all intellectual property rights that he, she or it solely or jointly conceived, reduced to practice, developed or made during the period of his, her or its employment or consulting relationship with the Company that (a) relate, at the time

of conception, reduction to practice, development, or making of such intellectual property right, to the Company's business as then conducted or as then proposed to be conducted, (b) were developed on any amount of the Company's time or with the use of any of the Company's equipment, supplies, facilities or information or (c) resulted from the performance of services for the Company. Subsection 2.8 of the Disclosure Schedule lists all patents, patent applications, registered trademarks, trademark applications, service marks, service mark applications, tradenames, registered copyrights, and licenses to and under any of the foregoing, in each case owned by the Company. The Company has not embedded any open source, copyleft or community source code in any of its products generally available or in development, including but not limited to any libraries or code licensed under any General Public License, Lesser General Public License or similar license arrangement. For purposes of this Subsection 2.8, the Company shall be deemed to have knowledge of a patent right if the Company has actual knowledge of the patent right or would be found to be on notice of such patent right as determined by reference to United States patent laws. No government funding, facilities of a university, college, other educational institution or research center, or funding from third parties was used in the development of any Company Intellectual Property. No Person who was involved in, or who contributed to, the creation or development of any Company Intellectual Property, has performed services for the government, university, college, or other educational institution or research center in a manner that would affect Company's rights in the Company Intellectual Property.

2.9 Compliance with Other Instruments. The Company is not in violation or default (i) of any provisions of its Restated Certificate or Bylaws, (ii) of any instrument, judgment, order, writ or decree, (iii) under any note, indenture or mortgage, or (iv) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound that is required to be listed on the Disclosure Schedule, or (v) to its knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company, the violation of which would have a Material Adverse Effect. The execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement; or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Company.

2.10 Agreements; Actions.

(a) Except for the Transaction Agreements, there are no agreements, understandings, instruments, contracts or proposed transactions to which the Company is a party or by which it is bound that involve (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of $50,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from the Company, (iii) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other Person that limit the Company's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, or (iv) indemnification by the Company with respect to infringements of proprietary rights.

(b) The Company has not (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for money borrowed or incurred any other liabilities individually in excess of $50,000 or in excess of $100,000 in the aggregate, (iii) made any loans or advances to any Person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business. For the purposes of (a) and (b) of this Subsection 2.10, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same Person (including Persons the Company has reason to believe are affiliated with each other) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsection.

(c) The Company is not a guarantor or indemnitor of any indebtedness of any other Person.

2.11 Certain Transactions.

(a) Other than (i) standard employee benefits generally made available to all employees, (ii) standard director and officer indemnification agreements approved by the Board of Directors, and (iii) the purchase of shares of the Company's capital stock and the issuance of options to purchase shares of the Company's Common Stock, in each instance, approved in the written minutes of the Board of Directors (previously provided to the Purchasers or their counsel), there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, consultants or Key Employees, or any Affiliate thereof.

(b) The Company is not indebted, directly or indirectly, to any of its directors, officers or employees or to their respective spouses or children or to any Affiliate of any of the foregoing, other than in connection with expenses or advances of expenses incurred in the ordinary course of business or employee relocation expenses and for other customary employee benefits made generally available to all employees. None of the Company's directors, officers or employees, or any members of their immediate families, or any Affiliate of the foregoing are, directly or indirectly, indebted to the Company or, to the Company's knowledge, have any (i) material commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship with any of the Company's customers, suppliers, service providers, joint venture partners, licensees and competitors, (ii) direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation which competes with the Company except that directors, officers, employees or stockholders of the Company may own stock in (but not exceeding two percent (2%) of the outstanding capital stock of) publicly traded companies that may compete with the Company; or (iii) financial interest in any material contract with the Company.

2.12 Rights of Registration and Voting Rights. Except as provided in the Investors' Rights Agreement, the Company is not under any obligation to register under the Securities Act any of its currently outstanding securities or any securities issuable upon exercise or conversion of its currently outstanding securities. To the Company's knowledge, except as contemplated in the Voting Agreement, no stockholder of the Company has entered into any agreements with respect to the voting of capital shares of the Company.

2.13 Property. The property and assets that the Company owns are free and clear of all mortgages, deeds of trust, liens, loans and encumbrances, except for statutory liens for the payment of current taxes that are not yet delinquent and encumbrances and liens that arise in the ordinary course of business and do not materially impair the Company's ownership or use of such property or assets. With respect to the property and assets it leases, the Company is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances other than those of the lessors of such property or assets. The Company does not own any real property.

2.14 Material Liabilities. The Company has no liability or obligation, absolute or contingent (individually or in the aggregate), except (i) obligations and liabilities incurred after the date of incorporation in the ordinary course of business that are not material, individually or in the aggregate, and (ii) obligations under contracts made in the ordinary course of business that would not be required to be reflected in financial statements prepared in accordance with GAAP..

2.15 Changes. Since the date of incorporation of the Company there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not caused, in the aggregate, a Material Adverse Effect;

(b) any damage, destruction or loss, whether or not covered by insurance, that would have a Material Adverse Effect;

(c) any waiver or compromise by the Company of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim, or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and the satisfaction or discharge of which would not have a Material Adverse Effect;

(e) any material change to a material contract or agreement by which the Company or any of its assets is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director or stockholder;

(g) any resignation or termination of employment of any officer or Key Employee of the Company;

(h) any mortgage, pledge, transfer of a security interest in, or lien, created by the Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and do not materially impair the Company's ownership or use of such property or assets;

(i) any loans or guarantees made by the Company to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(j) any declaration, setting aside or payment or other distribution in respect of any of the Company's capital stock, or any direct or indirect redemption, purchase, or other acquisition of any of such stock by the Company;

(k) any sale, assignment or transfer of any Company Intellectual Property that could reasonably be expected to result in a Material Adverse Effect;

(l) receipt of notice that there has been a loss of, or material order cancellation by, any major customer of the Company;

(m) to the Company's knowledge, any other event or condition of any character, other than events affecting the economy or the Company's industry generally, that could reasonably be expected to result in a Material Adverse Effect; or

(n) any arrangement or commitment by the Company to do any of the things described in this Subsection 2.15.

2.16 Employee Matters.

(a) As of the date hereof, the Company employs no full-time employees and no part-time employees and engages no consultants or independent contractors.

(b) The Company is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees, consultants or independent contractors. The Company has complied in all material respects with all applicable state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining. The Company has withheld and paid to the appropriate governmental entity or is holding for payment not yet due to such governmental entity all amounts required to be withheld from employees of the Company and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(c) The Company has not made any representations regarding equity incentives to any officer, employee, director or consultant that are inconsistent with the share amounts and terms set forth in the minutes of meetings of the Company's board of directors.

(d) Subsection 2.16(d) of the Disclosure Schedule sets forth each employee benefit plan maintained, established or sponsored by the Company, or which the Company participates in or contributes to, which is subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). The Company has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(e) To the Company's knowledge, none of the directors of the Company has been (a) subject to voluntary or involuntary petition under the federal bankruptcy laws or any state insolvency law or the appointment of a receiver, fiscal agent or similar officer by a court for his or her business or property; (b) convicted in a criminal proceeding or named as a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); (c) subject to any order, judgment or decree (not subsequently reversed, suspended, or vacated) of any court of competent jurisdiction permanently or temporarily enjoining him or her from engaging, or otherwise imposing limits or conditions on his or her engagement in any securities, investment advisory, banking, insurance, or other type of business or acting as an officer or director of a public company; or (d) found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities, commodities, or unfair trade practices law, which such judgment or finding has not been subsequently reversed, suspended, or vacated.

2.17 Tax Returns and Payments. There are no federal, state, county, local or foreign taxes due and payable by the Company which have not been timely paid. There are no accrued and unpaid federal, state, country, local or foreign taxes of the Company which are due, whether or not assessed or disputed. There have been no examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency. The Company has duly and timely filed all federal, state, county, local and foreign tax returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to taxes for any year.

2.18 Insurance. The Company has in full force and effect insurance policies concerning such casualties as would be reasonable and customary for companies like the Company.

2.19 Employee Agreements. Each current and former employee, consultant and officer of the Company has executed an agreement with the Company regarding confidentiality and proprietary information substantially in the form or forms delivered to the counsel for the Purchasers (the "**Confidential Information Agreements**"). No current or former Key Employee has excluded works or inventions from his or her assignment of inventions pursuant to such Key Employee's Confidential Information Agreement. Each current and former Key Employee has executed a non-solicitation agreement substantially in the form or forms delivered to counsel for the Purchasers. The Company is not aware that any of its Key Employees is in violation of any agreement covered by this Subsection 2.19.

2.20 Permits. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Material Adverse Effect. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.21 Corporate Documents. The Restated Certificate and Bylaws of the Company are in the form provided to the Purchasers. The copy of the minute books of

the Company provided to the Purchasers contains minutes of all meetings of directors and stockholders and all actions by written consent without a meeting by the directors and stockholders since the date of incorporation and accurately reflects in all material respects all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes.

2.22 Disclosure. The Company has made available to the Purchasers all the information reasonably available to the Company that the Purchasers have requested for deciding whether to acquire the Shares, including certain of the Company's projections describing its proposed business plan (the "**Business Plan**").

3. Representations and Warranties of the Purchasers. Each Purchaser hereby represents and warrants to the Company, severally and not jointly, that:

3.1 Authorization. The Purchaser has full power and authority to enter into the Transaction Agreements. The Transaction Agreements to which the Purchaser is a party, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, or (b) to the extent the indemnification provisions contained in the Investors' Rights Agreement may be limited by applicable federal or state securities laws.

3.2 Purchase Entirely for Own Account. This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Shares to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares. The Purchaser has not been formed for the specific purpose of acquiring the Shares.

3.3 Disclosure of Information. The Purchaser has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Shares with the Company's management and has had an opportunity to review the Company's facilities. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Purchasers to rely thereon.

3.4 Restricted Securities. The Purchaser understands that the Shares have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser acknowledges that the Company has no obligation to register or qualify the Shares, or the Common Stock into which it may be converted, for resale except as set forth in the Investors' Rights Agreement. The Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company is under no obligation and may not be able to satisfy. The Purchaser understands that this offering is not intended to be part of the public offering, and that the Purchaser will not be able to rely on the protection of Section 11 of the Securities Act.

3.5 No Public Market. The Purchaser understands that no public market now exists for the Shares, and that the Company has made no assurances that a public market will ever exist for the Shares.

3.6 Legends. The Purchaser understands that the Shares and any securities issued in respect of or exchange for the Shares, may be notated with one or all of the following legends:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(a) Any legend set forth in, or required by, the other Transaction Agreements.

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate, instrument, or book entry so legended.

3.7 Accredited Investor. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.8 Foreign Investors. If the Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Code), the Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. The Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of the Purchaser's jurisdiction.

3.9 No General Solicitation. Neither the Purchaser, nor any of its officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including, through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Shares.

3.10 Exculpation Among Purchasers. The Purchaser acknowledges that it is not relying upon any Person, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. The Purchaser agrees that neither any Purchaser nor the respective controlling Persons, officers, directors, partners, agents, or employees of any Purchaser shall be liable to any other Purchaser for any action heretofore taken or omitted to be taken by any of them in connection with the purchase of the Shares.

3.11 Residence. If the Purchaser is an individual, then the Purchaser resides in the state or province identified in the address of the Purchaser set forth on Exhibit A; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth on Exhibit A.

4. Conditions to the Purchasers' Obligations at Closing. The obligations of each Purchaser to purchase Shares at the Initial Closing or Milestone Warrants at any subsequent Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived:

4.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 (as modified by the Disclosure Schedule and any updates thereto made in connection with a Milestone Closing or Subsequent Closing) shall be true and correct in all respects as of such Closing.

4.2 Performance. The Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before such Closing.

4.3 Compliance Certificate. The President of the Company shall deliver to the Purchasers at such Closing a certificate certifying that the conditions specified in Subsections 4.1 and 4.2 have been fulfilled.

4.4 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be obtained and effective as of such Closing.

4.5 Board of Directors. As of the Initial Closing, the authorized size of the Board shall be five.

4.6 Indemnification Agreement. The Company shall have executed and delivered the Indemnification Agreements.

4.7 Investors' Rights Agreement. The Company and each Purchaser (other than the Purchaser relying upon this condition to excuse such Purchaser's performance hereunder) shall have executed and delivered the Investors' Rights Agreement.

4.8 Right of First Refusal and Co-Sale Agreement. The Company, each Purchaser (other than the Purchaser relying upon this condition to excuse such Purchaser's performance hereunder), and the other stockholders of the Company named as parties thereto shall have executed and delivered the Right of First Refusal and Co-Sale Agreement.

4.9 Voting Agreement. The Company, each Purchaser (other than the Purchaser relying upon this condition to excuse such Purchaser's performance hereunder), and the other stockholders of the Company named as parties thereto shall have executed and delivered the Voting Agreement.

4.10 Warrant Purchase Agreement. In respect of a Milestone Closing only, the Company shall have executed and delivered the Warrant Purchase Agreement.

4.11 Restated Certificate. The Company shall have filed the Restated Certificate with the Secretary of State of Delaware on or prior to the Closing, which shall continue to be in full force and effect as of the Closing.

4.12 Secretary's Certificate. The Secretary of the Company shall have delivered to the Purchasers at the Closing a certificate certifying (i) the Bylaws of the Company, (ii) resolutions of the Board of Directors of the Company approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements, and (iii) resolutions of the stockholders of the Company approving the Restated Certificate.

4.13 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to each Purchaser, and each Purchaser (or its counsel) shall have received all such counterpart original and certified or other copies of such documents as reasonably requested. Such documents may include good standing certificates.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to sell Shares to the Purchasers at the Initial Closing or Milestone Warrants at any subsequent Closing are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived:

5.1 Representations and Warranties. The representations and warranties of each Purchaser contained in Section 3 shall be true and correct in all respects as of such Closing.

5.2 Performance. The Purchasers shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before such Closing.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be obtained and effective as of the Closing.

5.4 Investors' Rights Agreement. Each Purchaser shall have executed and delivered the Investors' Rights Agreement.

5.5 Right of First Refusal and Co-Sale Agreement. Each Purchaser and the other stockholders of the Company named as parties thereto shall have executed and delivered the Right of First Refusal and Co-Sale Agreement.

5.6 Voting Agreement. Each Purchaser and the other stockholders of the Company named as parties thereto shall have executed and delivered the Voting Agreement.

5.7 Warrant Purchase Agreement. In respect of a Milestone Closing only, each Purchaser shall have executed and delivered the Warrant Purchase Agreement.

6. Miscellaneous.

6.1 Survival of Warranties. Unless otherwise set forth in this Agreement, the representations and warranties of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Purchasers or the Company.

6.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6.3 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.4 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Exhibit A, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Subsection 6.6. If notice is given to the Company, a copy shall also be sent to Faber Daeufer & Itrato PC, 890 Winter Street, Suite 315, Waltham, MA 02451.

6.7 No Finder's Fees. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Purchaser agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which each Purchaser or any of its officers, employees or representatives is responsible. The Company agrees to indemnify and hold harmless each Purchaser from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

6.8 Fees and Expenses. At the Closing, the Company shall pay the reasonable fees and expenses of counsel to 22NW, LP, in an amount not to exceed, in the aggregate, $20,000.

6.9 Attorneys' Fees. If any action at law or in equity (including, arbitration) is necessary to enforce or interpret the terms of any of the Transaction Agreements, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

6.10 Amendments and Waivers. Any term of this Agreement may be amended, terminated or waived only with the written consent of the Company and the holders of at least a majority of the then-outstanding Shares. Any amendment or waiver effected in accordance with this Subsection 6.10 shall be binding upon the Purchasers and each transferee of the Shares (or the Common Stock issuable upon conversion thereof), each future holder of all such securities, and the Company.

6.11 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.12 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13 Entire Agreement. This Agreement (including the Exhibits hereto), the Restated Certificate and the other Transaction Agreements constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.14 Corporate Securities Law. THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED UNLESS THE SALE IS SO EXEMPT.

6.15 Termination of Closing Obligations. Each Purchaser shall have the right to terminate its obligations to complete a Closing, if prior to the occurrence thereof, any of the following occurs:

(a) the Company consummates a Deemed Liquidation Event (as defined in the Restated Certificate);

(b) the closing of an initial public offering of the Company, in which case the Purchasers may terminate their obligations hereunder immediately prior to, or contingent upon, such closing; or

(c) the Company (i) applies for or consents to the appointment of a receiver, trustee, custodian or liquidator of itself or substantially all of its property, (ii) becomes subject to the appointment of a receiver, trustee, custodian or liquidator of itself or substantially all of its property, (iii) makes an assignment for the benefit of creditors, (iv) institutes any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or files a petition or answer seeking reorganization or an arrangement with creditors to take advantage of any insolvency law, or files an answer admitting the material allegations of a bankruptcy, reorganization or insolvency petition filed against it, or (v) becomes subject to any involuntary proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, when proceeding is not dismissed within thirty (30) days of filing, or have an order for relief entered against it in any proceedings under the United States Bankruptcy Code.

6.16 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be

enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL

6.17 No Commitment for Additional Financing. The Company acknowledges and agrees that no Purchaser has made any representation, undertaking, commitment or agreement to provide or assist the Company in obtaining any financing, investment or other assistance, other than the purchase of the Shares as set forth herein and subject to the conditions set forth herein. In addition, the Company acknowledges and agrees that (i) no statements, whether written or oral, made by any Purchaser or its representatives on or after the date of this Agreement shall create an obligation, commitment or agreement to provide or assist the Company in obtaining any financing or investment, (ii) the Company shall not rely on any such statement by any Purchaser or its representatives, and (iii) an obligation, commitment or agreement to provide or assist the Company in obtaining any financing or investment may only be created by a written agreement, signed by such Purchaser and the Company, setting forth the terms and conditions of such financing or investment and stating that the parties intend for such writing to be a binding obligation or agreement. Each Purchaser shall have the right, in its sole and absolute discretion, to refuse or decline to participate in any other financing of or investment in the Company, and shall have no obligation to assist or cooperate with the Company in obtaining any financing, investment or other assistance.

IN WITNESS WHEREOF, the parties have executed this Series A Preferred Stock Purchase Agreement as of the date first written above.

ANEBULO PHARMACEUTICALS, INC.

By: _____

Name: Joseph F. Lawler
(print)

Title: President

Address:

c/o JFL Capital Management
1415 Ranch Road 620 South, Suite 201
Lakeway, Texas 78734

22NW, LP

_____
(Print Name of Purchaser)

By: _____

Name: _____
(print)

Title: _____

Address: _____

_____

Signature Page To Stock Purchase Agreement

EXHIBITS

Exhibit A - **SCHEDULE OF PURCHASERS**

Exhibit B - **FORM OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

Exhibit C - **DISCLOSURE SCHEDULE**

Exhibit D - **FORM OF INDEMNIFICATION AGREEMENT**

Exhibit E - **FORM OF INVESTORS' RIGHTS AGREEMENT**

Exhibit F - **FORM OF MANAGEMENT RIGHTS LETTER**

Exhibit G - **FORM OF RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT**

Exhibit H - **FORM OF VOTING AGREEMENT**

Exhibit I - **MILESTONE EVENTS**

Exhibit J - **WARRANT PURCHASE AGREEMENT**

EXHIBIT A

SCHEDULE OF PURCHASERS

Purchaser	Address	First Tranche Shares	Warrant Shares
22NW, L.P.	1455 NW Leary Way Ste 400, Seattle, WA 98107	**341,250**	**638,556**
Aron English	2428 NW Market St. #760, Seattle, WA 98107	**-**	**510,845**

EXHIBIT B

FORM OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

EXHIBIT C

DISCLOSURE SCHEDULE

EXHIBIT D

FORM OF INDEMNIFICATION AGREEMENT

EXHIBIT E

FORM OF INVESTORS' RIGHTS AGREEMENT

EXHIBIT F

FORM OF MANAGEMENT RIGHTS LETTER

EXHIBIT G

FORM OF RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT

EXHIBIT H

FORM OF VOTING AGREEMENT

EXHIBIT I

MILESTONE EVENT

(i) The earlier of (x) filing by the Company with the Food and Drug Administration of an IND, or (y) the making of an analogous regulatory filing in any foreign jurisdiction; and

(ii) Arrangement by the Company of active pharmaceutical ingredient in amounts sufficient to facilitate the consummation of any trial to be effected pursuant to a filing described in subpart (i) above;

EXHIBIT J

WARRANT PURCHASE AGREEMENT

Exhibit 10.2

RIGHT OF FIRST REFUSAL
AND CO-SALE AGREEMENT

THIS RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this "**Agreement**"), is made as of the 18th day of June, 2020 by and among Anebulo Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), the Investors (as defined below) listed on Schedule A and the Key Holders (as defined below) listed on Schedule B.

WHEREAS, each Key Holder is the beneficial owner of the number of shares of Capital Stock, or of options to purchase Common Stock, set forth opposite the name of such Key Holder on Schedule B;

WHEREAS, the Company and the Investors are parties to that certain Series A Preferred Stock Purchase Agreement, of even date herewith (the "**Purchase Agreement**"), pursuant to which the Investors have agreed to purchase shares of the Series A Preferred Stock of the Company, par value $0.001 per share ("**Series A Preferred Stock**"); and

WHEREAS, the Key Holders and the Company desire to further induce the Investors to purchase the Series A Preferred Stock;

NOW, THEREFORE, the Company, the Key Holders and, the Investors agree as follows:

1. Definitions.

1.1 "**Affiliate**" means, with respect to any specified Investor, any other Investor who directly or indirectly, controls, is controlled by or is under common control with such Investor, including, without limitation, any general partner, managing member, officer, director or trustee of such Investor, or any venture capital fund or registered investment company now or hereafter existing which is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Investor.

1.2 "**Board of Directors**" means the board of directors of the Company.

1.3 "**Capital Stock**" means (a) shares of Common Stock and Preferred Stock (whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock, and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Key Holder, any Investor, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by an Investor or Key Holder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then-applicable conversion ratio.

1.4 "**Change of Control**" means a transaction or series of related transactions in which a person, or a group of related persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company.

1.5 "**Common Stock**" means shares of Common Stock of the Company, $0.001 par value per share.

1.6 "**Company Notice**" means written notice from the Company notifying the selling Key Holders and each Investor that the Company intends to exercise its Right of First Refusal as to some or all of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.7 "**Investor Notice**" means written notice from any Investor notifying the Company and the selling Key Holder(s) that such Investor intends to exercise its Secondary Refusal Right as to a portion of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.8 "**Investors**" means the persons named on Schedule A hereto, each person to whom the rights of an Investor are assigned pursuant to Subsection 6.9, each person who hereafter becomes a signatory to this Agreement pursuant to Subsection 6.11 and any one of them, as the context may require; provided, however, that any such person shall cease to be considered an Investor for purposes of this Agreement at any time such person and his, her or its Affiliates collectively hold fewer than 125,000 shares of Capital Stock (as adjusted for any stock combination, stock split, stock dividend, recapitalization or other similar transaction and excluding any shares of Common Stock issued to any person pursuant to a Special Mandatory Conversion (as defined in the Restated Certificate of Incorporation of the Company).

1.9 "**Key Holders**" means the persons named on Schedule B hereto, each person to whom the rights of a Key Holder are assigned pursuant to Subsection 3.1, each person who hereafter becomes a signatory to this Agreement pursuant to Subsection 6.9 or 6.17 and any one of them, as the context may require.

1.10 "**Preferred Stock**" means collectively, all shares of Series A Preferred Stock.

1.11 "**Proposed Key Holder Transfer**" means any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any of the Key Holders.

1.12 "**Proposed Transfer Notice**" means written notice from a Key Holder setting forth the terms and conditions of a Proposed Key Holder Transfer.

1.13 "**Prospective Transferee**" means any person to whom a Key Holder proposes to make a Proposed Key Holder Transfer.

1.14 "**Restated Certificate**" means the Company's Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time.

1.15 "**Right of Co-Sale**" means the right, but not an obligation, of an Investor to participate in a Proposed Key Holder Transfer on the terms and conditions specified in the Proposed Transfer Notice.

1.16 "**Right of First Refusal**" means the right, but not an obligation, of the Company, or its permitted transferees or assigns, to purchase some or all of the Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.17 "**Secondary Notice**" means written notice from the Company notifying the Investors and the selling Key Holder that the Company does not intend to exercise its Right of First Refusal as to all shares of any Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.18 "**Secondary Refusal Right**" means the right, but not an obligation, of each Investor to purchase up to its pro rata portion (based upon the total number of shares of Capital Stock then held by all Investors) of any Transfer Stock not purchased pursuant to the Right of First Refusal, on the terms and conditions specified in the Proposed Transfer Notice.

1.19 "**Transfer Stock**" means shares of Capital Stock owned by a Key Holder, or issued to a Key Holder after the date hereof (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), but does not include any shares of Preferred Stock or of Common Stock that are issued or issuable upon conversion of Preferred Stock.

1.20 "**Undersubscription Notice**" means written notice from an Investor notifying the Company and the selling Key Holder that such Investor intends to exercise its option to purchase all or any portion of the Transfer Stock not purchased pursuant to the Right of First Refusal or the Secondary Refusal Right.

2. Agreement Among the Company, the Investors and the Key Holders.

2.1 Right of First Refusal.

(a) Grant. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Company a Right of First Refusal to purchase all or any portion of Transfer Stock that such Key Holder may propose to transfer in a Proposed Key Holder Transfer, at the same price and on the same terms and conditions as those offered to the Prospective Transferee.

(b) Notice. Each Key Holder proposing to make a Proposed Key Holder Transfer must deliver a Proposed Transfer Notice to the Company and each Investor not later than forty-five (45) days prior to the consummation of such Proposed Key Holder Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the Proposed Key Holder Transfer, the identity of the Prospective Transferee and the intended date of the Proposed Key Holder Transfer. To exercise its Right of First Refusal under this Section 2, the Company must deliver a Company Notice to the selling Key Holder and the Investors within fifteen (15) days after delivery of the Proposed Transfer Notice specifying the number of shares of Transfer Stock to be purchased by the Company. In the event of a conflict between this Agreement and any other agreement that may have been entered into by a Key Holder with the Company that contains a preexisting right of first refusal, the Company and the Key Holder acknowledge and agree that the terms of this Agreement shall control and the preexisting right of first refusal shall be deemed satisfied by compliance with Subsection 2.1(a) and this Subsection 2.1(b).

(c) Grant of Secondary Refusal Right to the Investors. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Investors a Secondary Refusal Right to purchase all or any portion of the Transfer Stock not purchased by the Company pursuant to the Right of First Refusal, as provided in this Subsection 2.1(c). If the Company does not provide the Company Notice exercising its Right of First Refusal with respect to all Transfer Stock subject to a Proposed Key Holder Transfer, the Company must deliver a Secondary Notice to the selling Key Holder and to each Investor to that effect no later than fifteen (15) days after the selling Key Holder delivers the Proposed Transfer Notice to the Company. To exercise its Secondary Refusal Right, an Investor must deliver an Investor Notice to the selling Key Holder and the Company within ten (10) days after the Company's deadline for its delivery of the Secondary Notice as provided in the preceding sentence.

(d) Undersubscription of Transfer Stock. If options to purchase have been exercised by the Company and the Investors pursuant to Subsections 2.1(b) and (c) with respect to some but not all of the Transfer Stock by the end of the ten (10) day period specified in the last sentence of Subsection 2.1(c) (the "**Investor Notice Period**"), then the Company shall, within five (5) days after the expiration of the Investor Notice Period, send written notice (the "**Company Undersubscription Notice**") to those Investors who fully exercised their Secondary Refusal Right within the Investor Notice Period (the "**Exercising Investors**"). Each Exercising Investor shall, subject to the provisions of this Subsection 2.1(d), have an additional option to purchase all or any part of the balance of any such remaining unsubscribed shares of Transfer Stock on the terms and conditions set forth in the Proposed Transfer Notice. To exercise such option, an Exercising Investor must deliver an Undersubscription Notice to the selling Key Holder and the Company within ten (10) days after the expiration of the Investor Notice Period. In the event there are two (2) or more such Exercising Investors that choose to exercise the last-mentioned option for a total number of remaining shares in excess of the number available, the remaining shares available for purchase under this Subsection 2.1(d) shall be allocated to such Exercising Investors pro rata based on the number of shares of Transfer Stock such Exercising Investors have elected to purchase pursuant to the Secondary Refusal Right (without giving effect to any shares of Transfer Stock that any such Exercising Investor has elected to purchase pursuant to the Company Undersubscription Notice). If the options to purchase the remaining shares are exercised in full by the Exercising Investors, the Company shall immediately notify all of the Exercising Investors and the selling Key Holder of that fact.

(e) Consideration; Closing. If the consideration proposed to be paid for the Transfer Stock is in property, services or other non-cash consideration, the fair market value of the consideration shall be as determined in good faith by the Board of Directors and as set forth in the Company Notice. If the Company or any Investor cannot for any reason pay for the Transfer Stock in the same form of non-cash consideration, the Company or such Investor may pay the cash value equivalent thereof, as determined in good faith by the Board of Directors and as set forth in the Company Notice. The closing of the purchase of Transfer Stock by the Company and the Investors shall take place, and all payments from the Company and the Investors shall have been delivered to the selling Key Holder, by the later of (i) the date specified in the Proposed Transfer Notice as the intended date of the Proposed Key Holder Transfer; and (ii) forty-five (45) days after delivery of the Proposed Transfer Notice.

2.2 Right of Co-Sale.

(a) Exercise of Right. If any Transfer Stock subject to a Proposed Key Holder Transfer is not purchased pursuant to Subsection 2.1 above and thereafter is to be sold to a Prospective Transferee, each respective Investor may elect to exercise its Right of Co-Sale and participate on a pro rata basis in the Proposed Key Holder Transfer as set forth in Subsection 2.2(b) below and, subject to Subsection 2.2(d), otherwise on the same terms and conditions specified in the Proposed Transfer Notice. Each Investor who desires to exercise its Right of Co-Sale (each, a "**Participating Investor**") must give the selling Key Holder written notice to that effect within fifteen (15) days after the deadline for delivery of the Secondary Notice described above, and upon giving such notice such Participating Investor shall be deemed to have effectively exercised the Right of Co-Sale.

(b) Shares Includable. Each Participating Investor may include in the Proposed Key Holder Transfer all or any part of such Participating Investor's Capital Stock equal to the product obtained by multiplying (i) the aggregate number of shares of Transfer Stock subject to the Proposed Key Holder Transfer (excluding shares purchased by the Company or the Participating Investors pursuant to the Right of First Refusal or the Secondary Refusal Right) by (ii) a fraction, the numerator of which is the number of shares of Capital Stock owned by such Participating Investor immediately before consummation of the Proposed Key Holder Transfer (including any shares that such Participating Investor has agreed to purchase pursuant to the Secondary Refusal Right but excluding any shares that such Participating Investor holds pursuant to a Special Mandatory Conversion) and the denominator of which is the total number of shares of Capital Stock owned, in the aggregate, by all Participating Investors immediately prior to the consummation of the Proposed Key Holder Transfer (including any shares that all Participating Investors have collectively agreed to purchase pursuant to the Secondary Refusal Right but excluding any shares that Participating Investors hold pursuant to a Special Mandatory Conversion), plus the number of shares of Transfer Stock held by the selling Key Holder. To the extent one (1) or more of the Participating Investors exercise such right of participation in accordance with the terms and conditions set forth herein, the number of shares of Transfer Stock that the selling Key Holder may sell in the Proposed Key Holder Transfer shall be correspondingly reduced.

(c) Purchase and Sale Agreement. The Participating Investors and the selling Key Holder agree that the terms and conditions of any Proposed Key Holder Transfer in accordance with this Subsection 2.2 will be memorialized in, and governed by, a written purchase and sale agreement with the Prospective Transferee (the

"**Purchase and Sale Agreement**") with customary terms and provisions for such a transaction, and the Participating Investors and the selling Key Holder further covenant and agree to enter into such Purchase and Sale Agreement as a condition precedent to any sale or other transfer in accordance with this Subsection 2.2.

(d) Allocation of Consideration.

(i) Subject to Subsection 2.2(d)(ii), the aggregate consideration payable to the Participating Investors and the selling Key Holder shall be allocated based on the number of shares of Capital Stock sold to the Prospective Transferee by each Participating Investor and the selling Key Holder as provided in Subsection 2.2(b), provided that if a Participating Investor wishes to sell Preferred Stock, the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preferred Stock into Common Stock.

(ii) In the event that the Proposed Key Holder Transfer constitutes a Change of Control, the terms of the Purchase and Sale Agreement shall provide that the aggregate consideration from such transfer shall be allocated to the Participating Investors and the selling Key Holder in accordance with Sections 2.1 and 2.2 of Article IV(B) of the Restated Certificate and, if applicable, the next sentence, as if (A) such transfer were a Deemed Liquidation Event (as defined in the Restated Certificate), and (B) the Capital Stock sold in accordance with the Purchase and Sale Agreement were the only Capital Stock outstanding. In the event that a portion of the aggregate consideration payable to the Participating Investor(s) and selling Key Holder is placed into escrow and/or is payable only upon satisfaction of contingencies, the Purchase and Sale Agreement shall provide that (x) the portion of such consideration that is not placed in escrow and is not subject to contingencies (the "**Initial Consideration**") shall be allocated in accordance with Sections 2.1 and 2.2 of Article IV(B) of the Restated Certificate as if the Initial Consideration were the only consideration payable in connection with such transfer, and (y) any additional consideration which becomes payable to the Participating Investor(s) and selling Key Holder upon release from escrow or satisfaction of such contingencies shall be allocated in accordance with Sections 2.1 and 2.2 of Article IV(B) of the Restated Certificate after taking into account the previous payment of the Initial Consideration as part of the same transfer.

(e) Purchase by Selling Key Holder; Deliveries. Notwithstanding Subsection 2.2(c) above, if any Prospective Transferee or Transferees refuse(s) to purchase securities subject to the Right of Co-Sale from any Participating Investor or Investors or upon the failure to negotiate in good faith a Purchase and Sale Agreement reasonably satisfactory to the Participating Investors, no Key Holder may sell any Transfer Stock to such Prospective Transferee or Transferees unless and until, simultaneously with such sale, such Key Holder purchases all securities subject to the Right of Co-Sale from such Participating Investor or Investors on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice and as provided in Subsection 2.2(d)(i); provided, however, if such sale constitutes a Change of Control, the portion of the aggregate consideration paid by the selling Key Holder to such Participating Investor or Investors shall be made in accordance with the first sentence of Subsection 2.2(d)(ii). In connection with such purchase by the selling Key Holder, such Participating Investor or Investors shall deliver to the selling Key Holder any stock certificate or certificates, properly endorsed for transfer, representing the Capital Stock being purchased by the selling Key Holder (or request that the Company effect such transfer in the name of the selling Key Holder). Any such shares transferred to the selling Key Holder will be transferred to the Prospective Transferee against payment therefor in consummation of the sale of the Transfer Stock pursuant to the terms and conditions specified in the Proposed Transfer Notice, and the selling Key Holder shall concurrently therewith remit or direct payment to each such Participating Investor the portion of the aggregate consideration to which each such Participating Investor is entitled by reason of its participation in such sale as provided in this Subsection 2.2(e).

(f) Additional Compliance. If any Proposed Key Holder Transfer is not consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company, the Key Holders proposing the Proposed Key Holder Transfer may not sell any Transfer Stock unless they first comply in full with each provision of this Section 2. The exercise or election not to exercise any right by any Investor hereunder shall not adversely affect its right to participate in any other sales of Transfer Stock subject to this Subsection 2.2.

2.3 Effect of Failure to Comply.

(a) Transfer Void; Equitable Relief. Any Proposed Key Holder Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Transfer Stock not made in strict compliance with this Agreement).

(b) Violation of First Refusal Right. If any Key Holder becomes obligated to sell any Transfer Stock to the Company or any Investor under this Agreement and fails to deliver such Transfer Stock in accordance with the terms of this Agreement, the Company and/or such Investor may, at its option, in addition to all other remedies it may have, send to such Key Holder the purchase price for such Transfer Stock as is herein specified and transfer to the name of the Company or such Investor (or request that the Company effect such transfer in the name of an Investor) on the Company's books any certificates, instruments, or book entry representing the Transfer Stock to be sold.

(c) Violation of Co-Sale Right. If any Key Holder purports to sell any Transfer Stock in contravention of the Right of Co-Sale (a "**Prohibited Transfer**"), each Participating Investor who 2 to exercise its Right of Co-Sale underSubsection 2.2 may, in addition to such remedies as may be available by law, in equity or hereunder, require such Key Holder to purchase from such Participating Investor the type and number of shares of Capital Stock that such Participating Investor would have been entitled to sell to the Prospective Transferee had the Prohibited Transfer been effected in compliance with the terms of Subsection 2.2. The sale will be made on the same terms, including, without limitation, as provided in Subsection 2.2(d)(i) and the first sentence of Subsection 2.2(d)(ii), as applicable, and subject to the same conditions as would have applied had the Key Holder not made the Prohibited Transfer, except that the sale (including, without limitation, the delivery of the purchase price) must be made within ninety (90) days after the Participating Investor learns of the Prohibited Transfer, as opposed to the timeframe proscribed in Subsection 2.2. Such Key Holder shall also reimburse each Participating Investor for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Participating Investor's rights under Subsection 2.2.

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3. Exempt Transfers.

3.1 Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions ofSubsections 2.1 and 2.2 shall not apply (a) in the case of a Key Holder that is an entity, upon a transfer by such Key Holder to its stockholders, members, partners or other equity holders, (b) to a repurchase of Transfer Stock from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Transfer Stock and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board of Directors, (c) to a pledge of Transfer Stock that creates a mere security interest in the pledged Transfer Stock, provided that the pledgee thereof agrees in writing in advance to be bound by and comply with all applicable provisions of this Agreement to the same extent as if it were the Key Holder making such pledge, or (d) in the case of a Key Holder that is a natural person, upon a transfer of Transfer Stock by such Key Holder made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, child (natural or adopted), or any other direct lineal descendant of such Key Holder (or his or her spouse) (all of the foregoing collectively referred to as "family members"), or any other relative/person approved by unanimous consent of the Board of Directors, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by such Key Holder or any such family members; provided that in the case of clause(s) (a), (c), (d) or (e), the Key Holder shall deliver prior written notice to the Investors of such pledge, gift or transfer and such shares of Transfer Stock shall at all times remain subject to the terms and restrictions set forth in this Agreement and such transferee shall, as a

condition to such issuance, deliver a counterpart signature page to this Agreement as confirmation that such transferee shall be bound by all the terms and conditions of this Agreement as a Key Holder (but only with respect to the securities so transferred to the transferee), including the obligations of a Key Holder with respect to Proposed Key Holder Transfers of such Transfer Stock pursuant to Section 2; and provided further in the case of any transfer pursuant to clause (a) or (d) above, that such transfer is made pursuant to a transaction in which there is no consideration actually paid for such transfer.

3.2 Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Section 2 shall not apply to the sale of any Transfer Stock (a) to the public in an offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (a "**Public Offering**"); or (b) pursuant to a Deemed Liquidation Event (as defined in the Restated Certificate).

3.3 Prohibited Transferees. Notwithstanding the foregoing, no Key Holder shall transfer any Transfer Stock to (a) any entity which, in the determination of the Board of Directors, directly or indirectly competes with the Company; or (b) any customer, distributor or supplier of the Company, if the Board of Directors should determine that such transfer would result in such customer, distributor or supplier receiving information that would place the Company at a competitive disadvantage with respect to such customer, distributor or supplier.

4. Legend. Each certificate, instrument, or book entry representing shares of Transfer Stock held by the Key Holders or issued to any permitted transferee in connection with a transfer permitted by Subsection 3.1 hereof shall be notated with the following legend:

THE SALE, PLEDGE, HYPOTHECATION, OR TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Key Holder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares notated with the legend referred to in this Section 4 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

5. Lock-Up.

5.1 Agreement to Lock-Up. Each Key Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering (the "**IPO**") and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (l80) days, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports; and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Capital Stock held immediately prior to the effectiveness of the registration statement for the IPO; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Capital Stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Capital Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 5 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Key Holders if all officers, directors and holders of more than one percent (1%) of the outstanding Common Stock (after giving effect to the conversion into Common Stock of all outstanding Series A Preferred Stock) enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 5 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Key Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 5 or that are necessary to give further effect thereto.

5.2 Stop Transfer Instructions. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Capital Stock of each Key Holder (and transferees and assignees thereof) until the end of such restricted period.

6. Miscellaneous.

6.1 Term. This Agreement shall automatically terminate upon the earlier of (a) immediately prior to the consummation of the Company's IPO; and (b) the consummation of a Deemed Liquidation Event (as defined in the Restated Certificate).

6.2 Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the Capital Stock occurring after the date of this Agreement.

6.3 Ownership. Each Key Holder represents and warrants that such Key Holder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

6.4 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt

requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on Schedule A or Schedule B hereof, as the case may be, or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, it shall be sent to Anebulo Pharmaceuticals, Inc., c/o JFL Capital Management. Ranch Road 620 South, Suite 201, Lakeway, Texas 78734, Attention: Joseph F. Lawler; and a copy (which shall not constitute notice) shall also be sent to Faber Dauefer & Itrato PC, 890 Winter Street, Suite 315, Waltham, MA 02451.

(a) Consent to Electronic Notice. Each Investor and Key Holder consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "DGCL"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address or the facsimile number set forth below such Investor's or Key Holder's name on the Schedules hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted Electronic Notice shall be ineffective and deemed to not have been given. Each Investor and Key Holder agrees to promptly notify the Company of any change in its electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Entire Agreement. This Agreement (including, the Exhibits and Schedules hereto) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.7 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.8 Amendment; Waiver and Termination. This Agreement may be amended, modified or terminated (other than pursuant toSection 6.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company, (b) the Key Holders then providing services to the Company as an officer, director, consultant or employee holding a majority of the shares of Transfer Stock then held by all of the Key Holders then providing services to the Company as an officer, director, consultant or employee, and (c) the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Preferred Stock held by the Investors (voting as a single separate class and on an as-converted basis and excluding any shares of Common Stock issued pursuant to a Special Mandatory Conversion). Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Investors, the Key Holders and all of their respective successors and permitted assigns whether or not such party, assignee or other shareholder entered into or approved such amendment, modification, termination or waiver. Notwithstanding the foregoing, (i) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor or Key Holder without the written consent of such Investor or Key Holder unless such amendment, modification, termination or waiver applies to all Investors and Key Holders, respectively, in the same fashion, (ii) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor without the written consent of such Investor, if such amendment, modification, termination or waiver would adversely affect the rights of such Investor in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of the other Investors under this Agreement, (iii) the consent of the Key Holders shall not be required for any amendment, modification, termination or waiver if such amendment, modification, termination or waiver does not apply to the Key Holders, and (iv) Schedule A hereto may be amended by the Company from time to time in accordance with the Purchase Agreement to add information regarding Additional Purchasers (as defined in the Purchase Agreement) without the consent of the other parties hereto. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.9 Assignment of Rights.

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Key Holder, including any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof, shall deliver to the Company and the Investors, as a condition to any transfer or assignment, a counterpart signature page hereto pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) The rights of the Investors hereunder are not assignable without the Company's written consent (which shall not be unreasonably withheld, delayed or conditioned), except (i) by an Investor to any Affiliate, or (ii) to an assignee or transferee who acquires at least 125,000 shares of Capital Stock (as adjusted for any stock combination, stock split, stock dividend, recapitalization or other similar transaction), it being acknowledged and agreed that any such assignment, including an assignment contemplated by the preceding clauses (i) or (ii) shall be subject to and conditioned upon any such assignee's delivery to the Company and the other Investors of a counterpart signature page hereto pursuant to which such assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the assignor of such assignee.

(d) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

6.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.11 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series A Preferred Stock after the date hereof, any purchaser of such shares of Series A Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and thereafter shall be deemed an "Investor" for all purposes hereunder.

6.12 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.14 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together

shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.15 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.16 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company and the Key Holders hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

6.17 Additional Key Holders. In the event that after the date of this Agreement, the Company issues shares of Common Stock, or options to purchase Common Stock, to any employee or consultant, which shares or options would collectively constitute with respect to such employee or consultant (taking into account all shares of Common Stock, options and other purchase rights held by such employee or consultant) one percent (1%) or more of the Company's then outstanding Common Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants or convertible securities, as if exercised or converted), the Company shall, as a condition to such issuance, cause such employee or consultant to execute a counterpart signature page hereto as a Key Holder, and such person shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to a Key Holder.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Right of First Refusal and Co-Sale Agreement as of the date first written above.

ANEBULO PHARMACEUTICALS, INC.

By: _____
Name: Joseph F. Lawler
Title: President

KEY HOLDERS:

Signature: _____
Name: Joseph F. Lawler

INVESTOR:

22NW, LP

By: _____
Name: Aron English
Title: President

SCHEDULE A
INVESTORS

Name and Address	Number of Shares Held
22NW, LP 1455 NW Leary Way, Suite 400 Seattle, WA 98107	341,250

SCHEDULE B
KEY HOLDERS

Name and Address	Number of Shares Held
Joseph F. Lawler c/o JFL Capital Management 1415 Ranch Road 620 South, Suite 201 Lakeway, Texas 78734	2,000,000

Exhibit 10.3

INVESTORS' RIGHTS AGREEMENT

THIS INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 18th day of June, 2020, by and among Anebulo Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), and each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**", and any Additional Purchaser (as defined in the Purchase Agreement) that becomes a party to this Agreement in accordance with Section 6.9 hereof.

RECITALS

WHEREAS, the Company and the Investors are parties to that certain Series A Preferred Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**"); and

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce the Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock issuable to the Investors, to receive certain information from the Company, and to participate in future equity offerings by the Company, and shall govern certain other matters as set forth in this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person.

1.2 "**Board of Directors**" means the board of directors of the Company.

1.3 "**Certificate of Incorporation**" means the Company's Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time.

1.4 "**Common Stock**" means shares of the Company's common stock, par value $0.001 per share.

1.5 "**Competitor**" means a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in the business of the development, commercialization or sale of products for the treatment or prevention of disease in humans, but shall not include any financial investment firm or collective investment vehicle that, together with its Affiliates that are not operating companies, holds less than twenty percent (20)% of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the board of directors of any Competitor.

1.6 "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.7 "**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly) Common Stock, including options and warrants.

1.8 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.9 "**Excluded Registration**" means (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.10 "**FOIA Party**" means a Person that, in the reasonable determination of the Board of Directors, may be subject to, and thereby required to disclose non-public information furnished by or relating to the Company under, the Freedom of Information Act, 5 U.S.C. 552 ("**FOIA**"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.

1.11 "**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.12 "**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits forward incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.13 "**GAAP**" means generally accepted accounting principles in the United States as in effect from time to time.

1.14 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.15 "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

1.16 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.17 "**IPO**" means the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.18 "**Key Employee**" means any executive-level employee (including, division director and vice president-level positions) as well as any employee who, either alone or in concert with others, develops, invents, programs, or designs any Company Intellectual Property (as defined in the Purchase Agreement).

1.19 "**Major Investor**" means any Investor that, individually or together with such Investor's Affiliates, holds at least 100,000 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.20 "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, afs well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities, but excluding the issuance of warrants to purchase up to 1,149,401 shares of Preferred Stock pursuant to the terms of any warrant purchase agreement by and among the Company and any Affiliate of 22NW, LP or Aron English.

1.21 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.22 "**Preferred Stock**" means shares of the Company's Series A Preferred Stock.

1.23 "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the **Series A** Preferred Stock, excluding any Common Stock issued upon conversion of the Series A Preferred Stock pursuant to the "Special Mandatory Conversion" provisions of the Certificate of Incorporation; and (ii) any Common Stock, or any Common Stock issued or issuable **(directly or indirectly)** upon conversion and/or exercise of any other **securities** of the Company, acquired by the Investors after the date hereof; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.11 of this Agreement.

1.24 "**Registrable Securities then outstanding**" means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.25 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.10(b) hereof.

1.26 "**SEC**" means the Securities and Exchange Commission.

1.27 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.28 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.29 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.30 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder.

1.31 "**Series A Director**" means any **director** of the Company that the holders of record of the Series A Preferred Stock are entitled to elect, exclusively and as a separate class, pursuant to the Certificate of Incorporation.

1.32 "**Series A Preferred Stock**" means shares of the Company's Series A Preferred Stock, par value $0.001 per share.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.2, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.1 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration.

2.2 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Company intends to engage an underwriter in connection with a registration pursuant to Subsection 2.1, the underwriter(s) will be selected by the Board of Directors and shall be reasonably acceptable to a majority in interest of the holders of Preferred Stock. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.3(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.2, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.1, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion

determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall the number of Registrable Securities included in the offering be reduced below twenty percent (20%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Subsection 2.3 (b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

2.3 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to 90 days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.4 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.5 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.6 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.6 (a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.6 (b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.6 (b) and 2.6(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.6 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.6, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.6, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.6.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.6 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.6 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.6, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.6 (d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.6 (b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.6 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.7 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.8 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would provide to such holder or prospective holder the right to include securities in any registration on other than either a pro rata basis with respect to the Registrable Securities or on a subordinate basis after all Holders have had the opportunity to include in the registration and offering all shares of Registrable Securities that they wish to so include; provided that this limitation shall not apply to Registrable Securities acquired by any additional Investor that becomes a party to this Agreement in accordance with Subsection 6.9.

2.9 "Market Stand-off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to

exceed one hundred eighty (180) days in the case of the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), or ninety (90) days in the case of any registration other than the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Holder or are thereafter acquired) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.9 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than one percent (1%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Series A Preferred Stock). The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.9 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.9 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Company stockholders that are subject to such agreements, based on the number of shares subject to such agreements, except that, notwithstanding the foregoing, the Company and the underwriters may, in their sole discretion, waive or terminate these restrictions with respect to up to 25,000 shares of the Common Stock (subject to customary adjustments).

2.10 Restrictions on Transfer.

(a) The Series A Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Series A Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Series A Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.10 (c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.10.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.10. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12 (b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.11 Termination of Registration Rights. The right of any Holder to request inclusion of Registrable Securities in any registration pursuant to Subsection 2.1 shall terminate upon the earliest to occur of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation;

(b) such time after consummation of the IPO as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration; and

(c) the third anniversary of the IPO.

3. Information and Observer Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor, provided that the Board of Directors has not reasonably determined that such Major Investor is a competitor of the Company:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company (i) a balance sheet

as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined in Subsection 3.1(e)) for such year, with an explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of regionally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Investors to calculate their respective percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(d) as soon as practicable, but in any event within thirty (30) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet and statement of stockholders' equity as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(e) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), approved by the Board of Directors and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company); or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date sixty (60) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit each Major Investor (provided that the Board of Directors has not reasonably determined that such Major Investor is a competitor of the Company), at such Major Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Termination of Information. The covenants set forth in Subsection 3.1, and Subsection 3.2 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

3.4 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.4 by such Investor), (b) is or has been independently developed or conceived by such Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to such Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.4; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, regulation, rule, court order or subpoena, provided that such Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself, (ii) its Affiliates and (iii) its beneficial interest holders, such as limited partners, members or any other Person having "beneficial ownership," as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such Major Investor ("**Investor Beneficial Owners**"); provided that each such Affiliate or Investor Beneficial Owner (x) is not a Competitor or FOIA Party, unless such party's purchase of New Securities is otherwise consented to by the Board of Directors, (y) agrees to enter into this Agreement and each of the Voting Agreement and Right of First Refusal and Co-Sale Agreement of even date herewith among the Company, the Investors and the other parties named therein, as an "**Investor**" under each such agreement (provided that any Competitor or FOIA Party shall not be entitled to any rights as a Major Investor under Subsections 3.1, 3.2 and 4.1 hereof), and (z) agrees to purchase at least such number of New Securities as are allocable hereunder to the Major Investor holding the fewest number of Series A Preferred Stock and any other Derivative Securities.

(a) The Company shall give notice (the "**Offer Notice**") to each Major Investor, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, each Major Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock then held by such Major Investor (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Series A Preferred Stock and any other Derivative Securities then held by such Major Investor) bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Series A Preferred Stock and any other Derivative Securities then outstanding). At the expiration of such twenty (20) day period, the Company shall promptly notify each Major Investor that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Major Investors were entitled to subscribe but that were not subscribed for by the Major Investors which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Series A Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Series A Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of one hundred twenty (120) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1 (c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Major Investors in accordance with this Subsection 4.1.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Certificate of Incorporation); (ii) shares of Common Stock issued in the IPO; (iii) the issuance of shares of Series A Preferred Stock to Additional Purchasers pursuant to Subsection 1.3 of the Purchase Agreement or any Warrant Purchase Agreement (as defined in the Purchase Agreement).

(e) Notwithstanding any provision hereof to the contrary, in lieu of complying with the provisions of this Subsection 4.1, the Company may elect to give notice to the Major Investors within thirty (30) days after the issuance of New Securities. Such notice shall describe the type, price, and terms of the New Securities. Each Major Investor shall have twenty (20) days from the date notice is given to elect to purchase up to the number of New Securities that would, if purchased by such Major Investor, maintain such Major Investor's percentage-ownership position, calculated as set forth in Subsection 4.1(b) before giving effect to the issuance of such New Securities.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

5. Additional Covenants.

5.1 Insurance. The Company shall obtain, within ninety (90) days of the date hereof, from financially sound and reputable insurers Directors and Officers liability insurance in an amount and on terms and conditions satisfactory to the Board of Directors, and will use commercially reasonable efforts to cause such insurance policies to be maintained until such time as the Board of Directors determines that such insurance should be discontinued. The policy shall not be cancelable by the Company without prior approval by the Board of Directors including the Series A Director. Notwithstanding any other provision of this Section 5.1 to the contrary, for so long as a Series A Director (as defined in the Certificate of Incorporation) is serving on the Board of Directors, the Company shall not cease to maintain a Directors and Officers liability insurance policy in an amount of at least three (3) million unless approved by such Series A Director.

5.2 Employee Agreements. The Company will cause (i) each Person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets to enter into a nondisclosure and proprietary rights assignment agreement; and (ii) each Key Employee to enter into a one (1) year noncompetition, to the extent legally permissible, and nonsolicitation agreement, substantially in the form approved by the Board of Directors. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the consent of the Series A Directors.

5.3 Employee Stock. Unless otherwise approved by the Board of Directors, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a four (4) year period, with the first twenty-five percent (25%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, and (ii) a market stand-off provision substantially similar to that in Subsection 2.9. Without the prior approval by the Board of Directors, the Company shall not amend, modify, terminate, waive or otherwise alter, in whole or in part, any stock purchase, stock restriction or option agreement with any existing employee or service provider if such amendment would cause it to be inconsistent with this Subsection 5.3. In addition, unless otherwise approved by the Board of Directors, the Company shall retain (and not waive) a "right of first refusal" on employee transfers until the Company's IPO and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

5.4 Matters Requiring Investor Director Approval. So long as the holders of Series A Preferred Stock are entitled to elect a Series A Director, the Company hereby covenants and agrees with each of the Investors that it shall not, without approval of the Board of Directors, which approval must include the affirmative vote of the Series A Director:

(a) otherwise enter into or be a party to any transaction with any director, officer, or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, including without limitation any "management bonus" or similar plan providing payments to employees in connection with a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, except for transactions contemplated by this Agreement, the Purchase Agreement (including the Warrant Purchase Agreement), and transactions resulting in payments to or by the Company in an aggregate amount less than $60,000 per year; or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors;

5.5 Board Matters. Unless otherwise determined by the vote of a majority of the directors then in office, the Board of Directors shall meet at least quarterly in accordance with an agreed-upon schedule. The Company shall reimburse the nonemployee directors for all reasonable out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board of Directors.

5.6 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction,

whether such obligations are contained in the Company's Bylaws, the Certificate of Incorporation, or elsewhere, as the case may be.

5.7 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board of Directors by the Investors (each an "**Investor Director**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their Affiliates (collectively, the "**Investor Indemnitors**"). The Company hereby agrees (a) that it is the indemnitor of first resort (*i.e.*, its obligations to any such Investor Director are primary and any obligation of the Investor Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Investor Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Investor Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Investor Director to the extent legally permitted and as required by the Company's Certificate of Incorporation or Bylaws of the Company (or any agreement between the Company and such Investor Director), without regard to any rights such Investor Director may have against the Investor Indemnitors, and, (c) that it irrevocably waives, relinquishes and releases the Investor Indemnitors from any and all claims against the Investor Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Investor Indemnitors on behalf of any such Investor Director with respect to any claim for which such Investor Director has sought indemnification from the Company shall affect the foregoing and the Investor Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Investor Director against the Company. The Investor Directors and the Investor Indemnitors are intended third-party beneficiaries of this Subsection 5.7 and shall have the right, power and authority to enforce the provisions of this Subsection 5.7 as though they were a party to this Agreement.

5.8 Right to Conduct Activities. The Company hereby agrees and acknowledges that 22NW, LP (together with its Affiliates, "**22NW**") is a professional investment organization, and as such reviews the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, 22NW shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by 22NW in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of 22NW to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.9 Termination of Covenants. The covenants set forth in this Section 5, except for Subsections 5.6, and 5.7, shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 100,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.9. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall, as a condition to the applicable transfer, establish a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy shall also be sent to Faber Daeufer & Itrato PC, 890 Winter Street, Suite 315, Waltham, MA 02451.

(b) Consent to Electronic Notice. Each Investor and Key Holder consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "DGCL"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address or the facsimile number set forth below such Investor's or Key Holder's name on the Schedules hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted Electronic Notice shall be ineffective and deemed to not have been given. Each Investor and Key Holder agrees to promptly notify the Company of any change in such stockholder's electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Amendments and Waivers. Any term of this Agreement may be amended, modified or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of at least a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.10(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.10(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, (a) this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, modification, termination, or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction) and (b) Subsections 3.1 and 3.2, Section 4 and any other section of this Agreement applicable to the Major Investors (including this clause (b) of this Subsection 6.6) may not be amended, modified, terminated or waived without the written consent of the holders of at least a majority of the Registrable Securities then outstanding and held by the Major Investors. Further, this Agreement may not be amended, modified or terminated, and no provision hereof may be waived, in each case, in any way which would adversely affect the rights of the Key Holders hereunder in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of the Investors hereunder, without also the written consent of the holders of at least a majority of the Registrable Securities held by the Key Holders then providing servies to the Company as offiers, directors, employees or consultants. Notwithstanding the foregoing, Schedule A hereto may be amended by the Company from time to time to add transferees of any Registrable Securities in compliance with the terms of this Agreement without the consent of the other parties; and Schedule A hereto may also be amended by the Company after the date of this Agreement without the consent of the other parties to add information regarding any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9. The Company shall give prompt notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination, or waiver. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series A Preferred Stock after the date hereof, whether pursuant to the Purchase Agreement or otherwise, any purchaser of such shares of Series A Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

6.11 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ANEBULO PHARMACEUTICALS, INC.

By: _____
Name: Joseph F. Lawler
Title: Chief Executive Officer

INVESTOR:

22NW, LP

By:
Name: Aron English
Title: President

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT

SCHEDULE A

Investors

22NW, LP

1455 NW Leary Way, Ste 400
Seattle, WA 98107

Exhibit 10.4

LICENCE AGREEMENT

Dated

26 May 2020

(1) Vernalis (R&D) Limited

(2) Anebulo Pharmaceuticals, Inc.

CONTENTS

This Licence Agreement is made the 26th day of May, 2020

Between:

(1) **Vernalis (R&D) Limited** a company incorporated under the laws of England and Wales with company registration number 01985479 whose registered office is at Granta Park, Great Abington, Cambridge, CB21 6GB, United Kingdom ("**Vernalis**"); and

(2) **Anebulo Pharmaceuticals, Inc.** a company incorporated under the laws of the state of Delaware, U.S.A., whose corporate office is at c/o JFL Capital Management, 1415 Ranch Road 620 South, Suite 201, Lakeway, Texas 78734 ("**Anebulo**").

Whereas:

(A) Vernalis is an R&D-based specialty biopharmaceutical company and is a world- leader in fragment and structure-based drug discovery.

(B) Anebulo is a biotechnology company established to develop and commercialise pharmaceutical products.

(C) Vernalis has discovered and developed a CB1 antagonist compound known as V24343 and owns and controls various data and know how relating thereto.

(D) Anebulo wishes to develop and commercialise V24343 as a pharmaceutical product, and Vernalis wishes to grant Anebulo an exclusive licence under its data and know how relating to V24343 to do the same.

It is now agreed as follows:

1 Definitions

1.1 In this Agreement the following definitions shall apply unless the context requires otherwise:

"**Affiliate**" means any company, partnership or other business entity that Controls, is Controlled by or is under common Control with either Party from time to time.

"**Agreement**" means this document and any and all schedules to it as may be varied from time to time in accordance with the provisions of this agreement.

"**Anebulo Arising IP**" means Patent Rights and Know How Controlled by Anebulo after the Commencement Date at any time during the Term that cover or claim a Vernalis Licensed Compound or Licensed Product (in respect of Patent Rights), or are necessary or reasonably useful to Exploit (in respect of Know How) a Vernalis Licensed Compound or Licensed Product, but excluding Vernalis Licensed IP**.**

"**Anebulo Background IP**" means Patent Rights and Know How Controlled by Anebulo as at the Commencement Date that cover or claim a Vernalis Licensed Compound or Licensed Product (in respect of Patent Rights), or are necessary or reasonably useful to Exploit (in respect of Know How) a Vernalis Licensed Compound or Licensed Product, but excluding Vernalis Licensed IP.

"**Anebulo Indemnity Claim**" has the meaning attributed to it in Clause 9.2.

"**Anebulo Indemnified Parties**" has the meaning attributed to it in Clause 9.2.1.

"**Anebulo IP**" means Anebulo Background IP and Anebulo Arising IP.

"**Anebulo Patent Rights**" means those Patent Rights Controlled by Anebulo before, on or after the Commencement Date at any time during the Term which constitute Anebulo IP.

"**Annual**" means per calendar year.

"**API**" means the active pharmaceutical ingredient of the Vernalis Licensed Compound listed in Schedule 1.

"**Applicable Law**" means any present or future law, regulation, directive, instruction, direction or rule of any Government Authority or Regulatory Authority including any amendment, extension or replacement thereof which is from time to time in force.

"**Business Day**" means 9.00 am to 5.00 pm local time on a day other than a Saturday, Sunday, or a bank or other public holiday in England and Wales or the United States.

"**Combination Product**" means a Licensed Product which also (a) contains a separate therapeutically active ingredient in addition to the Vernalis Licensed Compound; or (b) is administered as a combination therapy in combination with another pharmaceutical product.

"**Commencement Date**" means the date stated at the start of this Agreement.

"**Commercialisation**" means all activities relating to the export, import, promotion, marketing (including pre-launch, post-launch marketing and marketing research), post approval clinical trials, detailing, distribution, pricing and reimbursement, storage, handling, preparation for sale, offering for sale and sale of a Licensed Product and customer service and support, adverse events reporting and interacting and communicating with Regulatory Authorities in relation to a Licensed Product. When used as a verb, "**to Commercialise**" and "**Commercialising**" means to engage in Commercialisation, and "**Commercialised**" has a corresponding meaning.

"**Commercially Reasonable Efforts**" means, with respect to the performance of Development or Commercialisation activities with respect to the Vernalis Licensed Compound or Licensed Product by Anebulo, directly or through its Affiliates or Sublicensees, the carrying out of such activities in a sustained and diligent manner using such efforts and resources as would be applied to the research, development and commercialisation of pharmaceutical products by a similarly situated biopharmaceutical company for compounds or products of similar market potential, profit potential and strategic value at a similar stage in development or product life, taking into consideration the payments due to Vernalis under this Agreement and all other relevant factors, including the nature of the product, expected and actual cost and time to develop, the clinical setting in which it is expected to be used, stage of development, mechanism of action, efficacy and safety relative to competitive products in or expected to be introduced into the marketplace, difficulties associated with technology transfer, process development, scale- up or manufacturing, safety issues, the nature and extent of market exclusivity (including patent coverage and regulatory exclusivity), expected and actual cost and likelihood of obtaining regulatory approval, and projected economic return. "Commercially Reasonable Efforts" shall be determined on a market-by-market and indication-by-indication basis, and will change over time, reflecting changes in the status of the product and the markets involved.

"**Confidentiality Agreement**" means the confidentiality agreement between Vernalis and JFL Capital Management, LLC dated 29 January 2020.

"**Confidential Information**" means (a) information disclosed by either Party to the other Party prior to the Commencement Date pursuant to the Confidentiality Agreement, to the extent such information is subject to the confidentiality obligations of that agreement (where for the purpose of this definition only, Anebulo as a Party shall include JFL Capital Management, LLC), which will be deemed the Confidential Information of the disclosing Party, (b) the terms of this Agreement, and any discussion regarding this transaction which will be the Confidential Information of both Parties (and each Party shall be treated as both a disclosing Party and receiving Party with respect thereto), (c) Vernalis Know How, which shall be the Confidential Information of Vernalis, (d) Know How comprising the Anebulo IP (but excluding Vernalis Know How), which shall be the Confidential Information of Anebulo, and (e) any technical, business, or other information, including (i) information relating to the scientific, regulatory or business affairs or other activities of a Party, and (ii) information relating to Vernalis Licensed Compound or Licensed Product, and any Exploitation of Vernalis Licensed Compound or Licensed Product, and any Know How with respect thereto, disclosed by or on behalf of one Party or its Affiliates to the other Party in connection with this Agreement, whether prior to, on, or after the Commencement Date, which shall be the Confidential Information of the disclosing Party.

"**Control**" means (i) with respect the definition of "Affiliate" only, the ownership either directly or indirectly of 50% or more of the issued share capital or any comparable equity or ownership interest with respect to a business entity or the legal power to direct or cause the direction of the general management and policies of the party in question; or (ii) with respect to any Know How and Patent Rights, that a Party has the legal authority or right (whether by ownership, license or otherwise) to grant a license, sublicense, access or right to use (as applicable) under such Know How or Patent Rights to the other Party on the terms and conditions set forth herein at the time of such grant, in each case without breaching the terms of any agreement with a Third Party.

"Data Room" means the virtual data room maintained by Box.com with project name V24343.

"**Development**" means all activities related to research, pre-clinical and other non-clinical testing, test method development and stability testing, toxicology, formulation, process development, manufacturing scale-up, qualification and validation, quality assurance, quality control, clinical studies, including manufacturing in support thereof, statistical analysis and report writing, the preparation and submission of applications for Marketing Authorisations, the regulatory affairs with respect to the foregoing and all other activities necessary or reasonably useful or otherwise requested or required by a Regulatory Authority as a condition or in support of obtaining or maintaining a Marketing Authorisation. When used as a verb, "**Develop**" means to engage in Development.

"**Development Milestone**" has the meaning attributed to it in Clause 5.2.1.

"**Documents**" means reports, research notes, charts, graphs, comments, computations, analyses, recordings, photographs, paper, notebooks, books, files, ledgers, records, tapes, discs, diskettes, CD-ROM, computer programs and documents thereof, computer information storage means, samples of material, other graphic or written data and any other media on which Know How can be permanently stored.

"**EMA**" means the European Medicines Agency or any successor agency thereto.

"**Europe**" means any country for which the EMA is responsible for the protection and promotion of public health through the evaluation and supervision of medicines for human use as at the Commencement Date or any additional country which may be added to the EMA's remit from time to time but excluding the UK.

"**Exploit**" means to make, have made, use, have used, Develop, Commercialise, Manufacture, have Manufactured, hold, or keep (whether for disposal or otherwise), transport, distribute or otherwise dispose of any Vernalis Licensed Compound or Licensed Product.

"**Field**" means all human therapeutic, diagnostic and prophylactic indications.

"**First Commercial Sale**" means, with respect to a Licensed Product and a country, the first sale for monetary value for use or consumption by any Third Party after a Marketing Authorisation (including any pricing and reimbursement approvals) is granted for such Licensed Product in such country. A sale of Licensed Product which is being tested or investigated for an indication not covered by a Marketing Authorisation for use in each case for free or at cost (of goods and commercially reasonable overheads) in a clinical trial, on a named patient basis or for compassionate use purposes shall not constitute a commercial sale for the purposes of this definition.

"**Generic Competition**" means, with respect to the Licensed Products in any country in the Territory in a given Quarter, that, during such Quarter, (a) one or more Generic Products are commercially available in such country, and (b) Net Sales of the Licensed Products in such country in such Quarter equal less than seventy-five percent (75%) of the average Net Sales of the Licensed Products over the four (4) consecutive Quarters immediately prior to the Quarter in which one or more Generic Products first became commercially available in such country.

"**Generic Product**" means with respect to a Licensed Product, any pharmaceutical product that (a) is sold by a Third Party that is not a Sublicensee (or any of its Affiliates) under a Marketing Authorisation granted by a Regulatory Authority to a Third Party; (b) contains as an active ingredient the same compound as a Licensed Product; and (c) (i) in the United States, is approved in reliance on the prior approval of such Licensed Product as determined by the applicable Regulatory Authority in the United States pursuant to Section 505(j) of the United States Food, Drug and Cosmetic Act (21 U.S.C. 355(j)), (ii) in the EEA , is authorised as a "generic" as defined in Article 10(2)(b) of Parliament and Council Directive 2001/83/EC as amended, or (iii) in any other country or jurisdiction, is approved pursuant to all equivalents of the provision described in (c)(i) or (c)(ii) above. A Licensed Product licensed or produced by a Sublicensee in compliance with its sublicense agreement will not constitute a Generic Product.

"**Government Authority**" means any national or supranational agency, authority, department of any government of any country having jurisdiction over any of the activities contemplated by this Agreement or over the Parties, including the European Commission.

"**IND**" means an Investigational New Drug application as defined in the FFDCA, or a clinical trial authorization application for a pharmaceutical product filed with a Regulatory Authority in any other regulatory jurisdiction outside the U.S., the filing of which is necessary to commence or conduct clinical testing of such pharmaceutical product in humans in such jurisdiction.

"**Indemnity Claim**" has the meaning attributed to it in Clause 9.3.

"**Indemnified Party**" has the meaning attributed to it in Clause 9.3.

"**Indemnifying Party**" has the meaning attributed to it in Clause 9.3.

"**Know How**" means technical and other information which is not in the public domain, including information comprising or relating to concepts, discoveries, data, designs, formulae, ideas, inventions, methods, models, assays, research plans, procedures, designs for experiments and tests and results of experimentation and testing (including results of research or development), processes (including Manufacturing processes, specifications and techniques), laboratory records, chemical, pharmacological, toxicological, clinical, analytical and quality control data, trial data, case report forms, data analyses, reports, Manufacturing data or summaries and information contained in submissions to and information from ethical committees and Regulatory Authorities. Know How includes Documents containing Know How, including but not limited to any rights including trade secrets, copyright, database or design rights protecting such Know How. The fact that an item is known to the public shall not be taken to preclude the possibility that a compilation including the item, or a development relating to the item, is not known to the public.

"**Licensed Product**" means any pharmaceutical product containing a Vernalis Licensed Compound in any and all forms, presentations, delivery systems, dosages, and formulations.

"**Manufacture**" and "**Manufacturing**" means all activities related to the production, manufacture, processing, filling, finishing, packaging, labelling, shipping, and holding of any Vernalis Licensed Compound, any Licensed Product, or any intermediate thereof, including process development, process qualification and validation, scale-up, pre-clinical, clinical and commercial manufacture and analytic development, product characterization, stability testing, quality assurance, and quality control.

"**Marketing Authorisation**" means the approval of an NDA or sNDA submitted to the Food and Drug Administration for the marketing of a Licensed Product in the United States, or with respect to any other country in the Territory, any and all approvals (including and pricing and reimbursement approvals) required from any Regulatory Authority to market a Licensed Product in that country.

"**NDA**" means a new drug application filed with the Food and Drug Administration for a Licensed Product in the USA, or any comparable application filed with the Regulatory Authorities of any other country in the Territory (or any Regulatory Authority covering that country in the case of a supranational Regulatory Authority) to obtain a Marketing Authorisation for that Licensed Product in that country.

"**Net Sales**" means the gross amounts invoiced by Anebulo, its Sublicensees or its or their Affiliates in arm's length transactions to Third Parties, for all sales of Licensed Product less the following items to the extent that they are paid or actually allowed:

(a) quantity, trade or cash discounts or consumer discount programs actually granted for such Licensed Product;

(b) amounts repaid or credited and allowances including cash, credit or free goods allowances, given by reason of chargebacks, retroactive price reductions or billing errors, reimbursements and rebates (including government-mandated rebates or other government charges, reimbursements or similar payments granted to wholesalers or other distributors, buying groups, health care insurance carriers or managed care entities) for such Licensed Product;

(c) amounts refunded or credited for Licensed Product which was rejected, spoiled, damaged, outdated or returned;

(d) charges for packing for transportation, freight, shipping and insurance;

(e) non-collectible receivables for such Licensed Product; and

(f) taxes, tariffs, customs duties and surcharges and other governmental charges incurred in connection with the sale, exportation or importation of Licensed Product,

provided always that sums under (a) to (f) shall be calculated in accordance with generally accepted accounting principles, or international financial reporting standards, consistently applied.

The transfer of Licensed Product by (i) Anebulo or a Sublicensee or one of its or their Affiliates to an Affiliate of such party, (ii) Anebulo or its Affiliate to a Sublicensee or (iii) a Sublicensee to a further tier Sublicensee, shall not be considered a sale. In such cases Net Sales shall be determined based on the invoiced sale price by the Affiliate (in the case of (i)), or the Sublicensee (in the case of (ii)) or the further tier Sublicensee (in the case of (iii)) to the first third party arm's-length trade purchaser, less the deductions allowed under this definition.

Subject to the following paragraph, upon any sale or other disposal of Licensed Product by or on behalf of Anebulo, Sublicensees or its or their Affiliates other than a bona fide arm's length transaction exclusively for money, such sale or other disposal shall be deemed to constitute a sale at the then current average selling price in the country in which such sale or other disposal occurs or, if there is no current average selling price, the most recent average selling price (and if none, a price agreed in good faith between the Parties assessed on an arm's length basis). Transfers or dispositions of Licensed Product by Anebulo or Sublicensees or its or their Affiliates (i) as free promotional or advertising samples or charitable donations, or under its or their patient assistance programs, in each case to the extent provided for no monetary or other consideration, and (ii) for free or at cost (of goods and commercially reasonable overheads) for use in clinical trials, or provided on a named patient or compassionate use basis for an indication(s) not covered by a Marketing Authorisation(s), shall not be considered in determining Net Sales under this definition provided that in each case, such transfers or dispositions are in quantities common in the industry for the type of product in the relevant country.

In the event the Licensed Product is sold in a Combination Product, the Net Sales shall be determined as follows:

$$\frac{A}{A+B} \quad X \quad \text{Net Sales of the Combination Product, where:}$$

A = Average invoice price of the ready-for-sale form of a Licensed Product containing the same amount of Vernalis Licensed Compound as its sole active ingredient or ingredients as the Combination Product in question contains, in the given country for a given calendar quarter; and

B = Average invoice price of the ready●for●sale form of a product containing the same amount of the other therapeutically active ingredient(s) as is contained in the Combination Product in question, in the given country for a given calendar quarter,

provided that if, in a specific country: (a) A is known but the other therapeutically active ingredient(s) in such Combination Product are not sold separately in that country in products with the same quantity of active ingredient, Net Sales shall be adjusted by multiplying actual Net Sales of such Combination Product by the fraction A/C, where C is the average invoice price in that country of that Combination Product for a given calendar quarter; or (b) B is known but a Licensed Product containing the same amount of such Vernalis Licensed Compound is not sold separately in that country, Net Sales shall be calculated by multiplying actual Net Sales of such Combination Product for such calendar quarter by the fraction (C-B)/C. If, in a specific country, A and B are not known, the allocation of Net Sales for such Combination Product shall be negotiated by the Parties in good faith.

"**Party**" means either Anebulo or Vernalis and "**Parties**" shall be construed accordingly.

"**Patent Rights**" means patent applications and patents, and all foreign counterparts thereof in all countries, including any renewals, re-examinations, continuations, continuations-in-part, divisionals, patents of addition, extensions, (including patent term extensions,) reissues, substitutions, confirmations, and any equivalents of the foregoing in any and all countries of or to any of them, as well as any supplementary protection certificates, and equivalent protection rights in respect of any of them.

"**Phase II Clinical Trial**" means a human clinical trial where a product is tested for the purpose of determining an initial indication of efficacy of a product for a therapeutic or prophylactic use, or to perform dose ranging, or obtain expanded evidence of safety.

"**Pivotal Clinical Trial**" means a pivotal human clinical trial conducted in a sufficient number of patients to establish safety and efficacy in the particular indication tested, the data and results of which (if favourable) would be sufficient to obtain Marketing Authorisation in any country.

"**Publication**" has the meaning attributed to it in Clause 22.

"**Quarter**" means each period of three months ending on 31 March, 30 June,
30 September or 31 December and "**Quarterly**" shall be construed accordingly.

"**Regulatory Authority**" means any national, supranational (including the European Commission, the Council of the European Union, and the EMA), regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity including the United States Food and Drug Administration, in each country involved in the granting of Marketing Authorisations or pricing approvals for Licensed Product.

"**Regulatory Exclusivity**" means the marketing or data exclusivity conferred by any Regulatory Authority designed to restrict the entry of Generic Product(s) onto the market, including new chemical entity exclusivity, new use or indication exclusivity, new formulation exclusivity, orphan drug exclusivity, paediatric exclusivity and 180-day generic product exclusivity, or any equivalent of the foregoing in any country in the world.

"**Regulatory Materials**" means in respect of the Vernalis Licensed Compound, regulatory applications, filings, submissions, notifications, registrations, , or other submissions, including any written correspondence or meeting minutes, made to, made with, or received from any Regulatory Authority submitted to a Regulatory Authority in any country for the purpose of obtaining Marketing Authorisations from that Regulatory Authority (including all INDs, NDAs, and associated common technical documents) and any amendments and supplements thereto, and all data and other information contained in, and Regulatory Authority correspondence relating to, any of the foregoing. For avoidance of doubt, Regulatory Materials include the INDs concerning the Vernalis Licensed Compound, and amendments and supplements thereto.

"Reversion Assets" has the meaning attributed to it in Clause 12.2.1.

"Reversion Transfer" has the meaning attributed to it in Clause 12.2.1

"**Royalty Term**" has the meaning attributed to it in Clause 5.4.3.

"**Royalties**" has the meaning attributed to it in Clause 5.4.1.

"**sNDA**" means a supplemental new drug application filed with the Food and Drug Administration to obtain a supplemental Marketing Authorisation for a Licensed Product in the USA, or any comparable application filed with the Regulatory Authorities of any other country (or any Regulatory Authority covering that country in the case of a supranational Regulatory Authority) to obtain a supplemental Marketing Authorisation for a Licensed Product in or covering that country.

"**Sublicensee**" has the meaning attributed to it in Clause 2.2.1.

"**Territory**" means the world.

"**Term**" has the meaning attributed to it in Clause 11.1.

"**Third Party**" means a person or entity other than (a) Anebulo or (b) Vernalis or an Affiliate of either of them.

"**UK GAAP**" means the generally accepted accounting practice in the United Kingdom as developed and maintained by the UK's Financial Reporting Council or any successor body thereto.

"**USD**" means United States Dollars.

"**VAT**" means United Kingdom value added tax imposed in accordance with the United Kingdom Value Added Tax Act 1994 or any similar tax imposed in addition to or in substitution therefor or imposed in any other jurisdiction.

"**V24343**" means the molecule and structure further described at Schedule 3 and any metabolite, salt, ester, hydrate, solvate, isomer, enantiomer, free acid form, pro-drug (including ester pro-drug) form, racemate, polymorph, chelate, stereoisomer, tautomer, resinate or optically active form thereof.

"**Vernalis Indemnity Claim**" has the meaning attributed to it in Clause 9.1. "**Vernalis Indemnified Parties**" has the meaning attributed to it in Clause 9.1.1.

"**Vernalis Know How**" means all Know How Controlled by Vernalis at the Commencement Date that is necessary or reasonably useful to Exploit any Vernalis Licensed Compound or Licensed Product.

"**Vernalis Licensed Compound**" means V24343.

"Vernalis Licensed Compound Information" has the meaning attributed to it in Clause 3.5.

"Vernalis Licensed IP" means any and all Vernalis Know How including the Vernalis Regulatory Materials and Vernalis Licensed Compound Information.

"Vernalis Regulatory Materials" has the meaning attributed to it in Clause 3.5.

1.2 Interpretation

Unless the context otherwise requires, the following rules of interpretation shall apply to this Agreement:

1.2.1 The headings in this Agreement are inserted for convenience only and shall not affect its construction.

1.2.2 Any and all Schedules to this Agreement form part of (and are incorporated into) this Agreement.

1.2.3 Any words following the terms "including", "include" or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.2.4 The word "or" has the inclusive meaning represented by the phrase "and/or".

1.2.5 Words in the singular include the plural and in the plural include the singular.

1.2.6 Use of any gender includes the other genders and neuter.

1.2.7 References to "Clauses" and "Schedules" are to clauses of, and schedules to, this Agreement.

1.2.8 References to a "person" shall be construed so as to include:

(a) any individual, firm, body corporate, authority, joint venture, association, undertaking, partnership or limited partnership (whether or not having separate legal personality); and

(b) a reference to the successors, permitted transferees and permitted assignees of any of the persons referred to in Clause 1.2.8(a).

1.2.9 References to "written" or "writing" shall include all data in written form whether represented in hand-writing, facsimile, printed.

1.2.10 Any express obligation or liability of a Party to ensure or procure the performance of any obligation by any other person shall not be reduced or discharged by any act or omission of any other person.

1.2.11 References to any indemnity being given on an "after-tax basis" mean that the amount payable pursuant to that indemnity shall be calculated in such a manner as will ensure that, after taking into account:

(a) any tax (or amount in respect of tax) required to be deducted or withheld from the indemnity payment; and

(b) any other tax chargeable as a result of the making or receipt of the indemnity payment,

the person entitled to the benefit of the indemnity is left with the same net amount as it would have had in the absence of such deduction, withholding or other tax.

2 Licence

2.1 Licence Grant

2.1.1 Subject to the terms of this Agreement, Vernalis hereby grants to Anebulo an exclusive, royalty-bearing licence (with the right to grant sublicenses pursuant to Section 2.2) under the Vernalis Licensed IP to Exploit the Vernalis Licensed Compounds and the Licensed Products in the Field in the Territory.

2.1.2 Vernalis hereby grants to Anebulo (and its Affiliates and Sublicensees) access to, and a right of reference with respect to, any Regulatory Materials, to the extent Controlled by Vernalis at the Commencement Date, for the purposes of Exploiting the Vernalis Licensed Compound and Licensed Products in the Field in the Territory. Vernalis agrees to execute, acknowledge, and deliver any further documents or instruments and to perform all such other acts as may be reasonably necessary or appropriate in order to effect such right of reference.

2.1.3 The licence granted in Clause 2.1.1 has been made exclusive on the following basis (i) the parties believe, in good faith, that the licence will facilitate the introduction of a new pharmaceutical drug in the Territory; (ii) the parties believe there is a high risk of failure in respect of the commercial viability of the Development contemplated by this Agreement, because it involves development and regulatory approval of a new drug, the safety and efficacy of which is not yet known; (iii) in order to obtain necessary regulatory approvals and to develop a commercially marketable Licensed Product, Anebulo will be obliged to finance and support substantial research, including development of Anebulo Arising IP, which will require Anebulo and/or its Affiliates and Sublicensees to make a large investment of time and capital; (iv) in order to Manufacture and market a Licensed Product, Anebulo will be obliged to make a considerable investment in product development, clinical testing, and tooling-up or re-tooling of existing facilities and to accommodate an attendant period of lead-time; and (v) the investments referred to in (iii) and (iv) may ultimately result in no appreciable return to Anebulo.

2.2 Sublicensing

2.2.1 Anebulo shall be entitled to sublicense (including through multiple tiers) the rights granted to it under Clause 2.1 above to any person with similar or greater financial resources and expertise as Anebulo, provided such person is not developing or commercialising any product (whether a pipeline asset or a marketed product) which (i) contains a CB1 antagonist or (ii) is for the same indication covered or proposed to be covered by a Phase II Clinical Trial, a Pivotal Clinical Trial, an application for a Marketing Authorisation or a granted Marketing Authorisation for the Licensed Product. If Anebulo or a Sublicensee wishes to grant a sub-license to any person that does not meet the above criteria then it shall not do so without Vernalis' prior written consent (such consent not to be unreasonably withheld or delayed). Any person to which Anebulo grants a sublicence and to which any further tiers of sublicence are granted, each pursuant to this Clause 2.2.1, shall be a "**Sublicensee**". In the event that Anebulo grants one or more sublicences pursuant to Clause 2.2.1, Anebulo shall remain responsible for all of its obligations under this Agreement and shall cause each Sublicensee to comply with the applicable terms and conditions of this Agreement. If the acts or omissions of any Sublicensee cause Anebulo to be in breach of this Agreement, Anebulo shall be responsible for such breach regardless of any remedy which either (a) Vernalis may have against the Sublicensee or (b) Anebulo may have against the Sublicensee for breach of the sublicense; provided, however, that if default by a Sublicensee of its material obligations gives rise to Vernalis' right of termination under this Agreement, Vernalis shall not be entitled to terminate this Agreement if, within sixty (60) days after receipt of written notice thereof from Vernalis (or thirty (30) days in the case of breach of a payment obligation), Anebulo has either (i) caused such Sublicensee to take actions to cure such default, or (ii) terminated its sublicense agreement with such Sublicensee and taken actions to cure such default. Any such permitted sublicences shall be consistent with and expressly made subject to the terms and conditions of this Agreement. Anebulo shall provide a copy of any sublicence agreement executed by Anebulo or any Sublicensee to Vernalis within ten (10) Business Days of its execution, (which copy may be redacted to delete information not relevant to determining whether such sublicense is consistent with the provisions of this Agreement).

2.2.2 In the event of termination of this Agreement with respect to any Vernalis Licensed Compound or Licensed Product, any sublicence granted by Anebulo pursuant to Clause 2.2.1 shall automatically terminate. In event of such termination, any Sublicensee that Anebulo notifies to Vernalis in writing is in good standing under its sublicense agreement with Company will have the right to request a new direct license with Vernalis on substantially the same terms and conditions as those in this Agreement and Vernalis agrees to consider such request and negotiate any license in good faith, provided that Vernalis shall have no obligation to grant any such license or assume or agree to any additional obligations beyond those set forth in this Agreement.

2.3 No Other Rights Granted by Vernalis

Except as expressly provided in this Clause 2, Vernalis grants no other right or licence, including any rights or licences to the Vernalis Licensed IP or any other Know How or intellectual property rights not otherwise expressly granted in this Clause 2.

3 Conduct of Development and Commercialisation

3.1 API Purchase

Anebulo shall have the right (but not the obligation) to purchase the API from Vernalis on an "as is" basis with no product warranties as to quality, fitness for purpose or anything else for the sum of twenty thousand USD ($20,000). If Anebulo wishes to exercise this right Anebulo must notify Vernalis in writing within six (6) months of the Commencement Date and the API will be supplied upon delivery terms to be agreed before the API is shipped Vernalis shall issue an invoice for the amount due and Anebulo shall pay such amount within thirty (30) days of the invoice date, to the bank account stipulated at Schedule 2 or such other bank account as Vernalis may notify to Anebulo from time to time.

3.2 Decision Making and Costs

As between the Parties, all decisions relating to the Exploitation of any Vernalis Licensed Compounds and Licensed Product shall be in the sole discretion of Anebulo and shall be carried out by Anebulo or its Sublicensees and they shall be responsible for all costs and expenses in connection with the Exploitation of Vernalis Licensed Compound and Licensed Product.

3.3 Compliance with Applicable Law

Anebulo shall, and shall cause its Sublicensees to, comply with all Applicable Law with respect to the Exploitation of Vernalis Licensed Compounds and Licensed Products.

3.4 Marketing Authorisations

Anebulo or its Sublicensees shall have the sole right and responsibility for conducting communications with Regulatory Authorities with respect to Licensed Product in the Territory, and for preparing, submitting, prosecuting and maintaining all filings and applications required to be made to any Regulatory Authority to obtain any necessary or commercially desirable Marketing Authorisations and other approvals, consents or licences to Exploit Licensed Products, including any filings and applications to any Regulatory Authority for any pricing or reimbursement approval required or commercially desirable. Anebulo or its Sublicensees shall, respectively, own all right, title and interest in all the filings and applications made to, and all the approvals, consents or licences issued by, any Regulatory Authority and they shall be responsible for all costs and expenses in connection with clinical trials and securing regulatory approvals.

3.5 **Transfer of Regulatory Materials and Other Data**.

For a period of six (6) months from the Commencement Date Anebulo shall have access to the Regulatory Materials Controlled by Vernalis stored in the Data Room to print, download or otherwise transfer (the "**Vernalis Regulatory Materials**") including any study reports that are owned or Controlled by Vernalis from all non-clinical trials and clinical trials for the Vernalis Licensed Compounds and Licensed Products (the "**Vernalis Licensed Compound Information**"). During that six (6) month period Vernalis will provide reasonable assistance to Anebulo with respect to questions it may have on the Vernalis Regulatory Materials and/or the Vernalis Licensed Compound Information and provide access to such additional supporting information that is in existence and Controlled by Vernalis as Anebulo may reasonably request provided that Vernalis shall have no obligation to create new data or documents for this purpose.

4 Diligence and Reporting

4.1 Diligence

4.1.1 Anebulo shall use Commercially Reasonable Efforts to Exploit the Vernalis Licensed Compound or Licensed Product, at its own cost and expense, including to obtain and maintain Marketing Authorisations and any necessary or desirable pricing or reimbursement approvals for one or more Licensed Products in the Field throughout the Territory, and to maximise sales for the benefit of all Parties. The Parties agree that Anebulo's diligence obligations under this Agreement shall be deemed satisfied through use of Commercially Reasonable Efforts to Exploit the Vernalis Licensed Compound or Licensed Product in at least i) the USA or ii) each of the UK, France, Germany, Spain and Italy .

4.1.2 Without limitation to the foregoing, Anebulo shall use Commercially Reasonable Efforts (and shall keep Vernalis fully informed of such efforts) to, in each case, within the time period set forth below with respect to each obligation:

(a) dose a patient as part of a Phase II Clinical Trial of Licensed Product in the Field in the Territory within twenty-four (24) months of the Commencement Date; and

(b) dose a patient as part of a Pivotal Clinical Trial of Licensed Product in the Field in the Territory within forty-eight (48) months of the Commencement Date.

4.1.3 At the request of Anebulo the time periods specified in Clause 4.1.2(a) and/or Clause 4.1.2(b) can be extended by a further twelve (12) months in return for the payment by Anebulo to Vernalis of one hundred thousand USD ($100,000) for each such extension. If Anebulo wishes to extend either of these periods it must notify Vernalis in writing before the expiry of the relevant period whereupon Vernalis shall issue an invoice for the amount due and Anebulo shall pay such amount within thirty (30) days of the invoice date, to the bank account stipulated at Schedule 2 or such other bank account as Vernalis may notify to Anebulo from time to time.

4.2 Records

Anebulo shall maintain records in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, and in compliance with Applicable Law, which shall be materially complete and accurate and shall properly reflect all work done and results achieved in the performance of its Development and Commercialisation activities. Such records shall be retained by Anebulo for such period as may be required by Applicable Law.

4.3 Reports and requests for additional information

4.3.1 Upon the first anniversary of the Commencement Date and thereafter at least once every 12 months with respect to each Licensed Product and Vernalis Licensed Compound, Anebulo shall provide Vernalis with a detailed report summarizing the Development and Commercialisation activities that it, together with each Affiliate and Sublicensee, has performed, or caused to be performed, since the preceding report, and the future activities it expects it and them to initiate during the ensuing 12 month period and shall answer any questions Vernalis may have on such report.

4.3.2 Anebulo shall notify Vernalis within thirty (30) days after the grant of a Marketing Authorisation.

4.3.3 If at any time Vernalis has a reasonable basis to believe that Anebulo is in breach of its obligations under Clause 4.1, then Vernalis shall so notify Anebulo, specifying the basis for its belief and, without limitation to any other right or remedy available to Vernalis hereunder, at Vernalis' request, the Parties shall meet within thirty (30) days after such notice to discuss in good faith Vernalis' concerns with respect to each Licensed Product and Vernalis Licensed Compound.

4.4 Breach shall constitute material breach

Vernalis shall be entitled to treat any breach by Anebulo of its obligations under Clause 4.1 as a material breach of this Agreement for the purposes of Clause 11.2.1.

5 Fees, Milestone and Royalty Payments

5.1 Signature Fee

Within five (5) Business Days of the execution of this Agreement, Anebulo shall pay to Vernalis a non-refundable signature fee of one hundred and fifty thousand USD ($150,000).

5.2 Development Milestones

5.2.1 Anebulo shall pay to Vernalis each of the following non-refundable amounts for the Licensed Product when it achieves the relevant milestone event set out below (each a "**Development Milestone**").

Milestone		Payment Obligation Upon Achievement of a Development Milestone
1	Dosing of the first patient in the first Phase II Clinical Trial for a Licensed Product	Three hundred and fifty thousand USD ($350,000) once only
2	Dosing of the first patient in the first Pivotal Clinical Trial for a Licensed Product	One million USD ($1,000,000) once only
3	Acceptance for filing of a Marketing Authorisation by the relevant Regulatory Authority in Europe, the UK, the USA, China or Japan	Five hundred thousand ($500,000) for each of the first three such acceptances
4	Grant of a Marketing Authorisation for a Licensed Product in the USA	Three million USD ($3,000,000) for each of the first three such grants
5	Grant of a Marketing Authorisation for a Licensed Product covering a European country or the UK	Three million USD ($3,000,000) for each of the first three such grants
6	Grant of a Marketing Authorisation for a Licensed Product in China or Japan	Three million USD ($3,000,000) for each of the first three such grants

5.2.2 The total development milestone payments for which Anebulo may be obligated to pay Vernalis under this Agreement is twenty-nine million eight hundred and fifty thousand USD ($29,850,000).

5.2.3 The amount stipulated as payable for each Development Milestone in the table above shall be payable by Anebulo to Vernalis in accordance with Clause 5.2.4for the number of occurrences set out in Clause 5.2.1, irrespective of the number of Licensed Products or the number of times a Development Milestone is achieved beyond this number, whether by Anebulo alone or in combination with or by one or more Affiliates or Sublicensees. Where the regulatory process for a Licensed Product is accelerated such that a particular Development Milestone in any of rows 1-2 in the table above is not required by the relevant Regulatory Authority, the payment in respect of such Development Milestone(s) shall become due and payable upon the occurrence of the next Development Milestone in the table above. If either of the Development Milestones in rows 1-2 of the table above has not been paid at the time of filing of the first Marketing Authorisation in any of the USA, Europe, the UK, China or Japan then such Development Milestones shall become due and payable immediately.

5.2.4 Anebulo shall provide Vernalis with written notice promptly upon each occurrence of the achievement of a Development Milestone for which a payment is due to Vernalis pursuant to Clause 5.2.1. On such occurrence, Vernalis shall issue an invoice for the amount due and Anebulo shall pay such amount within thirty (30) days of such occurrence, to the bank account stipulated at Schedule 2 or such other bank account as Vernalis may notify to Anebulo from time to time.

5.3 Sales Milestones

5.3.1 Anebulo shall pay to Vernalis each of the following non-refundable amounts if a Licensed Product achieves the relevant milestone event set out below (each a "**Sales Milestone**").

	Sales Milestone	**Payment Obligation Upon Achievement of Sales Milestone**
1	First calendar year when cumulative Annual Net Sales of Licensed Product in the Territory exceed five hundred million USD ($500,000,000)	Ten million USD ($10,000,000) once only
2	First calendar year when cumulative Annual Net Sales of Licensed Product in the Territory exceed one thousand million USD ($1,000,000,000)	Twenty-five million USD ($25,000,000) once only

5.3.2 The amount stipulated as payable for each Sales Milestone in the table above shall be payable by Anebulo to Vernalis in accordance with Clause 5.3.3 when the Sales Milestone is achieved, whether by Anebulo alone or in combination with or by one or more Affiliates or Sublicensees.

5.3.3 Anebulo shall provide Vernalis with written notice promptly upon each occurrence of the achievement of a Sales Milestone. On such occurrence, Vernalis shall issue an invoice for the amount due and Anebulo shall pay such amount within thirty (30) days of such occurrence, to the bank account stipulated at Schedule 2 or such other bank account as Vernalis may notify to Anebulo from time to time.

5.4 Royalties

5.4.1 In further consideration of the licence granted by Vernalis to Anebulo under Clause 2.1, subject to Clause 5.4.5, Anebulo shall, subject to the other terms and conditions of this Agreement, pay Vernalis royalties on a Licensed Product-by-Licensed Product basis ("**Royalties**"), according to the portions of Annual Net Sales at the rates set out below:

Annual Net Sales of Licensed Product in the Territory in USD($)	**Royalty percentage payable on portion of Net Sales of such Licensed Product (%)**
Less than five hundred million USD ($500,000,000)	2
Five hundred million USD ($500,000,000) or more and less than or equal to one billion USD ($1,000,000,000)	4
One billion USD ($1,000,000,000) or more and less than or equal to one billion five hundred million USD ($1,500,000,000)	5
In excess of one billion five hundred million USD ($1,500,000,000)	6

5.4.2 All Licensed Product containing the Vernalis Licensed Compound shall be treated as a single Licensed Product for the basis of this calculation, regardless of its form, presentation, delivery system, dosage or formulation.

5.4.3 Anebulo's obligation to pay Royalties to Vernalis under Clause 5.4.1 on Net Sales shall, on a Licensed Product-by-Licensed Product and country-by-country basis, begin on First Commercial Sale and shall terminate on the later to occur of:

(a) the tenth (10th) anniversary of the First Commercial Sale of the given Licensed Product in such country in the Territory; and

(b) the expiration date in such country of the Regulatory Exclusivity applicable to the given Licensed Product,

(the "**Royalty Term**").

5.4.4 Upon expiry of the Royalty Term with respect to a Licensed Product in a country the licence granted to Anebulo in Clause 2.1 shall become non-exclusive, irrevocable and fully paid-up (subject to any outstanding Sales Milestones) with respect to such Licensed Product in such country and Net Sales of such Licensed Product in such country shall be excluded from the Royalty calculations set out in Clause 5.4.1. For the avoidance of doubt, the expiry of the Royalty Term with respect to a particular country for a given Licensed Product shall not result in the termination of the Royalty Term for any other Licensed Product with respect to that country or any other country.

5.4.5 If, during a given Calendar Quarter during the Royalty Term on a Licensed Product-by-Licensed Product and country-by-country basis a first commercial sale is made of a Generic Product in the relevant country, but there is not Generic Competition in such country, then the royalty rate set forth in Clause 5.4.1 shall be reduced by 25% for Net Sales of such Licensed Product in such country. For example, for sales of less than five hundred million USD ($500,000,000) of Licensed Product, the royalty rate shall be reduced from 2% to 1.5%. Notwithstanding the foregoing, if any a given Calendar Quarter there is there is Generic Competition in such country, then the royalty rate set forth in Clause 5.4.1 shall be reduced to 50% of the royalty rate that would be applicable for Net Sales of such Licensed Product in such country. For example, for sales of less than five hundred million USD ($500,000,000) of Licensed Product, the royalty rate shall be reduced from 2% to 1%.

5.5 Royalty Procedures

5.5.1 During the Term, following the First Commercial Sale of Licensed Product, Anebulo shall on or before the thirtieth (30th) day following the end of each Quarter deliver to Vernalis a written report for that Quarter showing, in each case on a country-by-country and Licensed Product-by-Licensed Product basis: (i) invoiced sales and Net Sales; (ii) the exchange rates used to calculate such Royalties, which shall be in accordance with Clause 5.5.4; (iii) the number of units of Licensed Product sold; and (iv) the amount of Royalties due on such Net Sales (calculated in accordance with Clause 5.4).

5.5.2 Vernalis shall issue an invoice for the Royalties payable according to this Agreement and the written report delivered by Anebulo to Vernalis in accordance with Clause 5.5.1. Anebulo acknowledges and agrees that all such invoices shall be issued by Vernalis in reliance on the information provided by Anebulo. Neither the issue of any such invoice nor receipt of payment, shall be, nor shall either be deemed to be, acceptance by Vernalis of the accuracy of any written report and shall in each case be without prejudice to Vernalis' rights to audit or dispute the amount of Royalties payable.

5.5.3 Anebulo shall, within thirty (30) days of receipt of the relevant invoice in accordance with Clause 5.5.2, pay to Vernalis, in USD ($) by telegraphic transfer to the bank account set out at Schedule 2 (or such other bank account as Vernalis may notify to Anebulo from time to time) the amount stated in such invoice.

5.5.4 The functional currency for accounting will be USD. Except as the Parties otherwise mutually agree, for billing and reporting, Net Sales will be converted into USD using the currency exchange rates quoted by *Bloomberg Professional,* a service of Bloomberg L.P., or in the event *Bloomberg Professional* is not available then *The Wall Street Journal* using the average monthly rate of exchange for the month to which Net Sales were dated.

5.6 Records and Audits

5.6.1 Anebulo shall keep, and shall cause its Sublicensees and its and their Affiliates to keep, complete and accurate books and financial records containing all data necessary for the calculation of the amounts payable by Anebulo pursuant to this Agreement, which books and financial records shall be kept in accordance with UK GAAP (or the generally accepted accounting practice in the country in which the Sublicensee and any Affiliate of Anebulo or any Sublicensee is established), consistently applied, and shall be retained by Anebulo, its Sublicensees and its and their Affiliates as appropriate, until six (6) years after the end of the calendar year to which they relate.

5.6.2 Upon the written request of Vernalis, and not more than once each calendar year, Anebulo shall permit (and shall procure that its Sublicensees and its and their Affiliates shall permit) an independent certified public accounting firm of internationally recognised standing selected by Vernalis, and reasonably acceptable to Anebulo, to inspect and audit, during normal business hours and upon reasonable prior written notice, such of the records of Anebulo, its Sublicensees and its or their Affiliates as may be reasonably necessary to verify the accuracy of the reports provided in accordance with Clause 5.6.1 for any year ending not more than six (6) years prior to the date of such request for the sole purpose of verifying the basis and accuracy of the royalty payments made under this Agreement in respect of Licensed Products. If such accounting firm concludes that Anebulo owed additional amounts to Vernalis during such period, Anebulo shall pay Vernalis the difference between the amount actually owed, as determined by the accounting firm, and the amount actually paid by Anebulo, with interest calculated in accordance with Clause 5.6.3 from the date originally due to the date of payment, within thirty (30) days after the date on which such accounting firm's written report is delivered to Anebulo. If the accounting firm determines that there has been an underpayment of more than five per cent (5%), Anebulo shall bear all costs related to such audit otherwise Vernalis shall bear the cost of such audit. All books and financial records made available for inspection or audit shall be deemed to be Anebulo's or its Sublicensees' Confidential Information. For the avoidance of doubt, any such independent accounting firm shall, prior to such inspection, enter into a confidentiality agreement in a form reasonably acceptable to Anebulo and its Sublicensees. The accounting firm shall disclose to the Parties whether or not the payment in question was accurately calculated by Anebulo and the specific details concerning any discrepancies but no other information shall be provided to Vernalis.

5.6.3 Any payment that is not paid on the date such payment is due under this Agreement shall bear interest at a rate equal to the lesser of one percent (1%) per annum above the Bank of England's base rate and the maximum rate permitted by law, calculated on the number of days such payment is delinquent, compounded monthly.

5.7 Withholding

5.7.1 All sums payable to Vernalis under or in connection this Agreement shall be paid free and clear of any deduction or withholding for or on account of tax, set-offs or counterclaims whatsoever, save for any deduction or withholding required by Applicable Law. If any deduction or withholding is required by Applicable Law to be made from such a sum, Anebulo shall pay to Vernalis such additional amount as is necessary to ensure that, after any such deduction or withholding, Vernalis is left with the same net amount it would have received in the absence of any requirement to make a deduction or withholding..

5.7.2 Any such deduction or withholding which is required to be made shall be made in the minimum amount required by Applicable Law and Anebulo shall on request provide to Vernalis evidence reasonably satisfactory to Vernalis that the withholding or deduction has been made and duly accounted for to the relevant tax authority.

5.8 VAT

All sums payable to Vernalis under this Agreement are stated exclusive of VAT. Accordingly, Anebulo shall (on receipt of a valid VAT invoice) pay to Vernalis, in addition to any other amounts payable under this Agreement, an amount equal to any VAT for which Vernalis (or any member of any VAT group of which Vernalis is a member) is liable to account in relation to any supply made or deemed for VAT purposes to be made in connection with this Agreement or the transactions contemplated by it.

6 Intellectual Property – Ownership

6.1 As between the Parties any and all Vernalis Licensed IP is and shall remain owned solely by Vernalis.

6.2 As between the Parties any and all Anebulo IP is and shall remain owned solely by Anebulo.

7 Intellectual Property – Prosecution, Enforcement and Maintenance of Anebulo Patent Rights

Anebulo shall have the sole right (but not the obligation), at its own cost and expense, to file, prosecute, enforce and maintain the Anebulo Patent Rights in its own name.

8 Representation, Warranties and Covenants

8.1 Mutual Representations and Warranties

Vernalis and Anebulo each represents and warrants, as of the Commencement Date, as follows:

8.1.1 it is a company duly organised, validly existing, and in good standing under the laws of the jurisdiction of its organisation, and has all requisite power and authority, corporate or otherwise, to execute, deliver, and perform this Agreement;

8.1.2 it is not under any obligation, contractual or otherwise, to any person that conflicts with or is inconsistent in any material respect with the terms of this Agreement, or that would have a material adverse effect on the diligent and complete fulfilment of its obligations under this Agreement;

8.1.3 this Agreement is a legal, valid, and binding obligation of such Party enforceable against it in accordance with its terms and conditions, subject to the effects of bankruptcy, insolvency, or other laws of general application; and

8.1.4 neither it nor any of its Affiliates or employees is a party to any dispute, investigation or similar action that would have a material adverse impact on its ability to perform and comply with the terms of this Agreement.

8.2 Additional Representations, Warranties and Covenants of Vernalis

Vernalis further represents and warrants, as of the Commencement Date, and in respect of Clause 8.2.3 only covenants as follows:

8.2.1 Vernalis Controls the Vernalis Licensed IP, the Vernalis Regulatory Materials and Vernalis Licensed Compound Information as of the Commencement Date (and no Third Party has any right or interest in them) and has the right to grant the licences specified in this Agreement;

8.2.2 Vernalis has not received any written notice of, and has not been served with, any Third Party claims, suits or actions issued in any court or competent tribunal alleging either infringement or misappropriation of intellectual property rights owned or controlled by such Third Party by the manufacture, use or sale of the Vernalis Licensed Compound;

8.2.3 As of the Commencement Date and during the Term, Vernalis has not and will not, and will cause its Affiliates not to, grant to any Third Party rights that encumber, diminish, or conflict with the rights granted to Anebulo hereunder with respect to the Vernalis Licensed Compound, Vernalis Licensed IP, the Vernalis Regulatory Materials and Vernalis Licensed Compound Information; and

8.2.4 Neither Vernalis nor any of its Affiliates has been debarred nor is or are subject to debarment, nor have they have used in any capacity, in connection with the Development and Manufacture of the Vernalis Licensed Compound prior to the Commencement Date, any person who has been debarred pursuant to Section 306 of the United States Food, Drug, and Cosmetic Act, or any equivalent legislation in any other jurisdiction, or who is the subject of a conviction described in such section or equivalent legislation.

8.3 Additional Representations, Warranties and Covenants of Anebulo

Anebulo further represents and warrants to Vernalis, as of the Commencement Date, and covenants as follows:

8.3.1 Anebulo (a) agrees it will need to conduct its own investigation and analysis of (i) the Patent Rights and other proprietary rights of Third Parties as such rights relate to the Exploitation of the Licensed Compound and Licensed Product and (ii) the potential infringement thereof, (b) understands the complexity and uncertainties associated with possible claims of infringement of Patent Rights or other proprietary rights of Third Parties, particularly those relating to pharmaceutical products, and (c) acknowledges and agrees that it is solely responsible for the risks of such claims;

8.3.2 neither Anebulo nor any of its Affiliates owns, or is a licensee of, any Patent Rights which cover (i) a Vernalis Licensed Compound or (ii) a Licensed Product; and

8.3.3 Neither Anebulo nor any of its Affiliates or Sublicensees has been debarred nor is or are subject to debarment, and it will not, and shall procure that its Affiliates and Sublicensees will not, use in any capacity, in connection with the work to be performed under this Agreement, any person who has been debarred pursuant to Section 306 of the United States Food, Drug, and Cosmetic Act, or any equivalent legislation in any other jurisdiction, or who is the subject of a conviction described in such section or equivalent legislation. Anebulo shall inform Vernalis in writing promptly if it or any such person is debarred or is the subject of a conviction described in Section 306 or any equivalent legislation in any jurisdiction, or any investigation or claim in relation to the same.

8.4 Disclaimer of Warranties

Except for the express warranties set forth in this Agreement, neither Party makes any representations or grants any warranties, express or implied, either in fact or by operation of Applicable Law or otherwise, and each Party specifically disclaims any other warranties, whether written or oral, or express or implied, including any warranty of quality, merchantability, or fitness for a particular use or purpose or any warranty as to the validity of any Patent Rights or the non- infringement of any Patent Rights of Third Parties.

9 Indemnification and Liability

9.1 Indemnification by Anebulo

Anebulo shall fully indemnify, and at all times keep Vernalis, its Affiliates and their Personnel (the " **Vernalis Indemnified Parties**") fully indemnified against any and all:

9.1.1 liabilities, damages, costs, expenses and other sums paid or payable by the Indemnified Parties to a Third Party arising from any claim, action or proceeding brought by a Third Party against a Vernalis Indemnified Party to the extent that such claim, action or proceeding arises out of or results from:

(a) any breach by Anebulo of its representations, warranties or obligations under this Agreement, or Anebulo's negligence or wilful misconduct;

(b) any Exploitation by or on behalf of Anebulo, its Sublicensees, or its or their Affiliates of the Vernalis Licensed Compound or Licensed Product;

(c) any possession or use by a Third Party of the Vernalis Licensed Compound or Licensed Product manufactured or supplied by or on behalf of Anebulo, its Sublicensees, or its or their Affiliates; and

(d) any breach by Anebulo, its Sublicensees, or its or their Affiliates of Applicable Law

(a "**Vernalis Indemnity Claim**"); and

9.1.2 the Vernalis Indemnified Parties' reasonable and documented legal expenses and expert's fees incurred in relation to any Indemnity Claim,

provided, however, that Anebulo shall not be responsible for the indemnification or defense of any Vernalis Indemnified Party to the extent arising from any negligent or intentional acts by any Vernalis Indemnified Party, or the breach by Vernalis of any representation, warranty or obligation under this Agreement.

9.2 Indemnification by Vernalis

Vernalis shall fully indemnify, and at all times keep Anebulo, its Affiliates and their Personnel (the "**Anebulo Indemnified Parties**") fully indemnified against any and all:

9.2.1 liabilities, damages, costs, expenses and other sums paid or payable by the Anebulo Indemnified Parties to a Third Party arising from any claim, action or proceeding brought by a Third Party against a Anebulo Indemnified Party to the extent that such claim, action or proceeding arises out of or results from:

(a) any breach by Vernalis of its representations, warranties or obligations under this Agreement, or Vernalis' negligence or willful misconduct; and

(b) any breach by Vernalis or its Affiliates of Applicable Law

(an "**Anebulo Indemnity Claim**"); and

9.2.2 the Anebulo Indemnified Parties' reasonable and documented legal expenses and expert's fees incurred in relation to any Anebulo Indemnity Claim,

provided, however, that Vernalis shall not be responsible for the indemnification or defense of any Anebulo Indemnified Party to the extent arising from any negligent or intentional acts by any Anebulo Indemnified Party, or the breach by Anebulo of any representation, warranty or obligation under this Agreement.

9.3 Indemnification Procedure

Each Party (the "**Indemnified Party**") shall, promptly after notification from the other Party (the "**Indemnifying Party**") of a Vernalis Indemnity Claim or Anebulo Indemnity Claim, as applicable (each, an "**Indemnity Claim**"), assume conduct of the Indemnity Claim, including the right to conduct any proceedings or action, negotiate the settlement of the Indemnity Claim and conduct all discussions and dispute resolution efforts in connection with the Indemnity Claim. The Indemnified Party shall, at the Indemnifying Party's cost and expense and reasonable request, give the Indemnifying Party reasonable assistance in connection with the conduct of the Indemnity Claim. The Indemnifying Party shall not (and shall procure that its respective Indemnified Parties do not) admit liability in respect of, or compromise or settle, any Indemnity Claim without the Indemnifying Party's prior written consent (such consent not to be unreasonably withheld or delayed)

9.4 Indirect, consequential and other losses

Except to the extent resulting from a Party's gross negligence or wilful misconduct, neither Party shall be liable to the other for any special, incidental, punitive or consequential damages arising out of this Agreement or the exercise of its rights hereunder, whether in contract, tort, negligence, breach of statutory duty or otherwise, regardless of any notice of such damages. Nothing in this Section 9.4 is intended to limit or restrict the indemnification rights or obligations of either Party under this Clause 9, or damages available for breaches of confidentiality obligations in Clause 10.

9.5 Insurance

Anebulo shall have and maintain at its own expense with a reputable insurance company such type and amounts of insurance covering its Exploitation of the Vernalis Licensed Compound and Licensed Product as is (a) normal and customary in the pharmaceutical industry generally for parties similarly situated and (b) otherwise required by Applicable Law. Upon request by Vernalis, Anebulo shall provide certificates of insurance evidencing compliance with this Clause 9.5.

10 Confidentiality

10.1 Each Party shall, and shall cause its officers, directors, employees and agents to:

10.1.1 keep confidential and not publish or otherwise disclose to a Third Party and not use, directly or indirectly, for any purpose, any Confidential Information furnished or otherwise made known to it, directly or indirectly, by the other Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement or is reasonably necessary for the performance of, or the exercise of such Party's rights under, this Agreement; and

10.1.2 ensure that only those of its officers, directors, employees, and agents have access to the Confidential Information on a "need to know" basis and are informed of the secret and confidential nature of it.

10.2 The obligations of confidentiality and non-use set out in Clause 10.1 shall not extend to any Confidential Information which:

10.2.1 is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no wrongful act, fault or negligence on the part of the receiving Party;

10.2.2 can be demonstrated by documentation or other competent proof to have been in the receiving Party's possession prior to disclosure by the disclosing Party without any obligation of confidentiality with respect to such information;

10.2.3 is subsequently received by the receiving Party from a Third Party who is not bound by any obligation of confidentiality with respect to such information;

10.2.4 has been published by a Third Party or otherwise enters the public domain through no fault of the receiving Party in breach of this Agreement; or

10.2.5 can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving Party without reference to the disclosing Party's Confidential Information.

Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the receiving Party. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the receiving Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the receiving Party unless the combination and its principles are in the public domain or in the possession of the receiving Party.

10.3 Each Party may disclose Confidential Information to the extent that such disclosure is:

10.3.1 made in response to a valid order of a court of competent jurisdiction or other Government Authority or, if in the reasonable opinion of the receiving Party's legal counsel, such disclosure is otherwise required by a securities regulator with which such Party or its Affiliates are listed; provided, however, that the receiving Party shall first have given notice to the disclosing Party and given the disclosing Party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued; and provided further that the Confidential Information disclosed in response to such court or order of a Government Authority shall be limited to that information which is legally required to be disclosed in response to such court or governmental order;

10.3.2 made by or on behalf of the receiving Party to the Government Authorities or Regulatory Authorities as required in connection with any filing, application or request for Marketing Authorisation, or to comply with the requirements of any securities exchange, including, without limitation, in connection with a public offering, or to a tax authority in connection with the tax affairs of the relevant Party; provided, however, that reasonable measures shall be taken to assure confidential treatment of such information to the extent practicable and consistent with Applicable Law; or

10.3.3 made by or on behalf of the receiving Party to the receiving Party's Affiliates, and actual or potential acquirers, merger partners, licensors, licensees, Sublicensees, assignees, subcontractors, investment bankers, investors, other potential financial partners and independent contractors, and their respective officers, directors, employees, and agents, in each case who are or may become directly involved in or concerned with the carrying out of this Agreement or engaged in advising the receiving Party on business or financial matters, on a "need to know" basis; provided, however, that: (i) such persons and entities shall use such Confidential Information solely for the purpose of carrying out this Agreement or advising the receiving Party on business or financial matters or assessing whether to provide investment or funding to the receiving Party; and (ii) such persons and entities are either subject to confidentiality and non-use obligations at least as stringent as the confidentiality and non-use obligations provided for in this Clause 10 or bound by substantially similar obligations under law or pursuant to rules of professional ethics.

10.4 Upon the effective date of the termination of this Agreement for any reason, either Party may request in writing, and the other Party shall either, with respect to Confidential Information to which such first Party does not retain rights under the surviving provisions of this Agreement: (a) promptly destroy all copies of such Confidential Information in the possession of the other Party and confirm such destruction in writing to the requesting Party; or (b) promptly deliver to the requesting Party, at the other Party's expense, all copies of such Confidential Information in the possession of the other Party; provided, however, the other Party shall be permitted to retain one (1) copy of such Confidential Information for the sole purpose of performing any continuing obligations under this Agreement or for archival purposes. Notwithstanding the foregoing, such other Party also shall be permitted to retain such additional copies of or any computer records or files containing such Confidential Information that have been created solely by such Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such other Party's standard archiving and back-up procedures, but not for any other use or purpose. All Confidential Information shall continue to be subject to the terms of this Agreement for the period stated in Clause 10.1.

11 Term and Termination

11.1 Term

This Agreement shall come into force on the Commencement Date and shall continue unless and until terminated in accordance with its provisions or until such time as all Royalties and other sums in respect of the Exploitation of the Licensed Product cease to be payable in respect of all countries in the Territory in accordance with the terms herein. The period from the Commencement Date until the date of expiration of the entire Agreement or termination of this Agreement in its entirety shall be the "**Term**".

11.2 Termination for Cause or Insolvency

11.2.1 Each of the Parties shall have the right to terminate this Agreement for cause with immediate effect upon giving written notice of termination to the other (the "**Defaulting Party**") if the Defaulting Party commits a material breach of this Agreement which shall not have been remedied within sixty (60) days (or for breaches of payment obligations, thirty (30) days) of the receipt by it of a written notice from the other Party identifying the breach and requiring its remedy; provided, however, that in the event of a good faith dispute with respect to the existence of a material breach, this Agreement shall not be terminated until the dispute is withdrawn or settled in accordance with Clause 14, and the breaching Party fails to cure such breach within sixty (60) days (or thirty (30) days for breaches of payment obligations) thereafter.

11.2.2 In the event that either Party (a) files for protection under bankruptcy or insolvency laws, (b) makes an assignment for the benefit of creditors, (c) appoints or suffers appointment of a receiver or trustee over substantially all of its property that is not discharged within ninety (90) days after such filing, (d) proposes a written agreement of composition or extension of its debts, (e) proposes or is a party to any dissolution or liquidation, (f) files a petition under any bankruptcy or insolvency act or has any such petition filed against that is not discharged within sixty (60) days of the filing thereof, or (g) ceases for any reason to carry on business, then the other Party may terminate this Agreement in its entirety effective immediately upon written notice to such Party, provided that until such notice is served each Party shall have the right to retain and enforce their rights under this Agreement

11.3 Termination at Will

Anebulo may terminate this Agreement at will in its entirety on sixty (60) days' prior written notice to Vernalis provided that Anebulo has not received any written notice pursuant to Clause 11.2.1.

12 Consequences of Termination

12.1 In the event of termination of this Agreement for any reason:

12.1.1 all rights and licences granted by Vernalis to Anebulo under this Agreement shall immediately terminate;

12.1.2 all outstanding sums due and payable by Anebulo to Vernalis as of the effective date of such termination shall immediately become due and payable; and

12.1.3 Anebulo shall return to Vernalis or, at Vernalis' request, destroy any Vernalis Regulatory Materials and/or Vernalis Licensed Compound Information and any unused API purchased under Clause 3.1.

12.2 If Vernalis terminates this Agreement pursuant to Clause 11.2.1 (*material breach*), or Clause 11.2.2 (*insolvency*) or if Anebulo terminates this Agreement pursuant to Clause 11.3 (*termination at will*), then:

12.2.1 the Parties will, following such termination, negotiate in good faith the terms and conditions under which Anebulo would grant Vernalis a licence under all of the Anebulo IP to Exploit the Vernalis Licensed Compound and Licensed Product and those Documents and Regulatory Materials within Anebulo's Control that are reasonably required to enable Vernalis to continue the Exploitation of the Vernalis Licensed Compound and Licensed Product and any regulatory Documents and regulatory applications submitted to Regulatory Authorities for the Licensed Product and, if termination of this Agreement occurs after the Licensed Product has received Marketing Authorisation or pricing and reimbursement approval, Marketing Authorisations and pricing and reimbursement approvals (collectively, "**Reversion Assets**", and such license, the "**Reversion Transfer**"); and

12.2.2 the terms and conditions of the Reversion Transfer will include appropriate compensation to Anebulo for its Development and Exploitation efforts up to the date of termination. Anebulo shall not be required to effect the Reversion Transfer of any Reversion Asset it does not have the right to license, or to obtain such rights from Third Parties necessary to effect such transfer, assignment or license, but shall, acting in good faith, promptly collaborate with Vernalis to obtain such rights from such Third Parties to the extent needed for the Exploitation of the Reversion Assets. In the event the Parties do not, despite good faith negotiations, reach an agreement on the terms and conditions for the Reversion Transfer within six (6) months of the termination of the Agreement, Anebulo shall have no further obligations under this Clause 12.2.

12.3 Save as may be expressly specified otherwise in this Agreement the provisions of Clauses 1, 2.2.2, 4.2, 5, 6, 8.4, 9, 10, 12, 14, 15, 16, 18 and 22 shall survive termination of this Agreement.

13 Assignment and Change of Control

13.1 This Agreement and the licences herein granted shall be binding upon and inure to the benefit of the successors in interest of the respective Parties. Neither this Agreement nor any interest hereunder shall be assignable by either Party without the written consent of the other provided, however, that Vernalis may assign this Agreement or any part of its rights and obligations hereunder to any Affiliate or to any company with which Vernalis may merge or consolidate, or to which it may transfer all or substantially all of its assets to which this Agreement relates, without obtaining the consent of Anebulo and Anebulo may assign this Agreement or any part of its rights and obligations hereunder to any Affiliate or to any company with which Anebulo may merge or consolidate, or to which it may transfer all or substantially all of its assets to which this Agreement relates without obtaining the consent of Vernalis provided such Affiliate or company has similar or greater financial resources and expertise as Anebulo and is not developing or commercialising any product (whether a pipeline asset or a marketed product) which (i) contains a CB1 antagonist or (ii) is for the same indication covered or proposed to be covered by a Phase II Clinical Trial, a Pivotal Clinical Trial, an application for a Marketing Authorisation or a granted Marketing Authorisation for the Licensed Product. Any assignment not in compliance with this Clause 13.1 shall be void and of no effect.

13.2 Each Party shall promptly notify the other Party in writing upon the occurrence of any assignment pursuant to Clause 13.1 in accordance with Clause 18.

14 Dispute Resolution and Governing Law

14.1 If the Parties are unable to resolve any dispute arising out of or in connection with this Agreement, either Party may, by written notice to the other, have such dispute referred to their respective CEOs (or their authorised designees) for attempted resolution by good faith negotiations within ten (10) Business Days after such notice is received. In such event, the Parties shall cause their respective officers or their designees to meet (face-to-face or by teleconference) and be available to attempt to resolve such issue. If the Parties should resolve such dispute, a memorandum setting forth their agreement shall be prepared and signed by both Parties at either Party's request.

14.2 In the event that the Parties are unable to resolve any dispute pursuant to Clause 14.1 then either Party may initiate arbitration pursuant to this Clause 14.2. Any arbitration under this Clause 14.2 shall be held in London, UK., and administered by the London Court of International Arbitration pursuant to LCIA Rules (the "Rules") by three (3) arbitrators appointed in accordance with such Rules. The arbitrators shall allow reasonable discovery, in an amount determined by the arbitrators to be necessary in view of the issues in dispute. The costs of such arbitration shall be shared equally by the Parties, and each Party shall bear its own expenses in connection with the arbitration. The parties shall use good faith efforts to complete arbitration under this Clause 14.2 within six (6) months following the initiation of such arbitration. The arbitrators shall establish reasonable additional procedures to facilitate and complete such arbitration within such six (6) month period. The arbitrators shall have discretion to award all or any part of the costs of the arbitration, including reasonable attorneys' fees, to the prevailing Party. Nothing in this Agreement shall limit the right of either Party to seek any equitable or interim relief or provisional remedy, including injunctive relief, from any court of competent jurisdiction. Judgment on the award may be entered in any court of competent jurisdiction. The existence of and proceedings in the arbitration shall be considered the Confidential Information of both Parties and shall be subject to the terms of Clause 10.

14.3 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

15 Waiver

The failure on the part of either Party to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right or operate to bar the enforcement thereof at any time or times thereafter.

16 Severance of Terms

16.1 If any provision or part-provision of this Agreement shall be held to be illegal, void, invalid or unenforceable under the law of any jurisdiction:

16.1.1 that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of this Agreement shall not be affected; and

16.1.2 the legality, validity and enforceability of the whole of this Agreement in any other jurisdiction shall not be affected.

Additionally, the Parties will work in good faith to replace the severed provision with one achieving the purpose of the severed provision that is valid and enforceable.

17 Entire Agreement/Variations

17.1 This Agreement, together with all Schedules hereto, constitutes the whole agreement between the Parties and supersedes any previous agreement between the Parties relating to its subject matter, including without limitation the Confidentiality Agreement, which is hereby terminated as of the Effective Date and shall have no more force and effect. Each Party acknowledges that in entering into this Agreement, it does not rely on any representation, warranty or other provision, except as expressly provided for under this Agreement.

17.2 No variation, amendments, modification or supplement to this Agreement shall be valid unless agreed in writing in the English language and signed by a duly authorised representative of each Party.

18 Notices

18.1 All notices required or permitted to be given under this Agreement, including all invoices provided by Vernalis to Anebulo, shall be in writing and shall be deemed given if delivered personally, by email, mailed by certified or registered mail postage prepaid, or sent by an internationally recognised courier, to the Parties at the following addresses, or at such other address for a Party as shall be specified by like notice, provided that notices of a change of address shall be effective only upon receipt thereof.

18.2 Address for notices:

Anebulo:

Address: Anebulo Pharmaceuticals, Inc
c/o JFL Capital Management
1415 Ranch Road 620 South
Suite 201
Lakeway, Texas 78734

For the attention of: Joseph Lawler, CEO
Email: Joe@jflcapitalmanagement.com

Vernalis:

Address: Vernalis (R&D) Limited
Granta Park
Great Abington
Cambridge
CB21 6GB
United Kingdom

For the attention of: Company Secretary
Email: companysecretary@vernalis.com

18.3 The date of receipt of any notice given under this Agreement, including any invoice provided by Vernalis to Anebulo, shall be deemed to be:

18.3.1 the date given if delivered personally;

18.3.2 on the date of dispatch of the notice by e-mail (if no delivery failure is reported to or at the senders' e-mail server), provided that notice dispatched by e-mail after 17.30 hours on a Business Day or any time on a non Business Day at the place at which such e-mail is to be received shall be deemed to be received at 09.30 hours at that place on the next following Business Day;

18.3.3 five (5) days after the date mailed if mailed by registered or certified mail return receipt requested, postage prepaid to a destination within the same jurisdiction;

18.3.4 ten (10) days after the date mailed if mailed by registered or certified mail return receipt requested, postage prepaid to a destination outside the jurisdiction of the Party sending the notice; and

18.3.5 two (2) Business Days after the date sent if sent by an internationally recognised courier service.

19 Counterparts

This Agreement may be executed in any number of counterparts, each of which, when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument.

20 This Agreement not to Constitute a Partnership

Nothing in this Agreement and no action taken by the Parties pursuant to this Agreement shall constitute or be deemed to constitute a partnership, association, joint venture or other co-operative entity between the Parties and neither Party shall have any authority to bind the other in any way except as provided in this Agreement.

21 Costs

Each Party shall bear its own costs, legal fees and other expenses incurred in the negotiation, preparation, execution and implementation of this Agreement and the documents referred to herein.

22 Announcements

22.1 Subject to Clause 10, neither Party shall issue any press release, publication or other similar public communication relating to this Agreement, its subject matter or the transactions covered by it, or the activities of the Parties under or in connection with this Agreement (a "**Publication**") without first obtaining written permission from the other Party, except for information that has been previously disclosed publicly without breach of this Clause 22.1.

23 Anti-Bribery and Anti-Corruption

23.1 Both Parties shall, to the extent applicable to the Parties' performance of activities under this Agreement, including the place of such performance, and/or if required by the Relevant Requirements (as defined below):

23.1.1 at all times comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption, including the Bribery Act 2010 ("**Relevant Requirements**");

23.1.2 not do anything which if done in the UK would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 (respectively, bribing another person, being bribed and bribing a foreign public official);

23.1.3 have and shall maintain in place throughout the Term its own policies and procedures to ensure compliance with the Relevant Requirements, and Clause 23.1.2, and will enforce them where appropriate;

23.1.4 promptly report to the other Party any request or demand for any undue financial or other advantage of any kind received in connection with the performance of this Agreement; and

23.1.5 promptly notify the other Party in writing if a foreign public official becomes an officer or employee of the notifying Party or acquires a direct or indirect interest in the notifying Party.

23.2 Each Party shall be solely responsible for the observance and performance of the Relevant Requirements by each of its Affiliates, and in the case of Anebulo by each Sublicensee, and shall be directly liable to the other Party for any breach by its Affiliates, and in the case of Anebulo any breach by any Sublicensee, of any of the Relevant Requirements.

23.3 For the purpose of this Clause 23, the meaning of foreign public official shall be determined in accordance with the Bribery Act 2010 (and any guidance issued under section 9 of that Act).

In witness whereof the Parties have executed this Agreement as of the Commencement Date.

Signed by Charles S. Berkman
Title SVP, General Counsel and Secretary
Date May 26, 2020

For and on behalf of **Vernalis (R&D) Limited**

Signed by
Title Founder
Date May 26, 2020

For and on behalf of **Anebulo Pharmaceuticals, Inc.**

Schedule 1
API

- 90g solid sample of bulk working standard stored at -20°C under non-GMP conditions
    - Dated 02/04/2007
- 12 x 500mg samples from the sample batch stored at -20°C under non-GMP conditions

ANEBULO PHARMACEUTICALS, INC.

2020 STOCK INCENTIVE PLAN

1. Purpose.

The purpose of this 2020 Stock Incentive Plan (the "**Plan**") of Anebulo Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "Company" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "**Code**") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "**Board**").

2. Eligibility.

All of the Company's employees, officers, directors, consultants and advisors are eligible to be granted options, restricted stock, restricted stock units ("**RSUs**") and other stock-based awards (each, an "**Award**") under the Plan. Each person who receives an Award under the Plan is deemed a "**Participant**".

3. Administration and Delegation.

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "**Committee**"). All references in the Plan to the "**Board**" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers. The Board may abolish any Committee at any time and re-vest in itself any previously delegated authority.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Awards (subject to any limitations under the Plan) to employees or officers of the Company or any of its present or future subsidiary corporations and to exercise such other powers under the Plan as the Board may determine, *provided that* the Board shall fix the terms of the Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to Awards that the officers may grant; *provided further, however*, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act). The Board may rescind any such delegation at any time and re-vest in itself any previously delegated authority.

4. Stock Available for Awards.

(a) Number of Shares. Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 275,000 shares of common stock of the Company (the "**Common Stock**"). If any Award expires, lapses, or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (whether by actual delivery or attestation) or tendered to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market, or treasury shares. At no time while there is any Option (as defined below) outstanding and held by a Participant who was a resident of the State of California on the date of grant of such Option, shall the total number of shares of Common Stock issuable upon exercise of all outstanding options and the total number of shares provided for under any stock bonus or similar plan or agreement of the Company exceed the applicable percentage as calculated in accordance with the conditions and exclusions of Section 260.140.45 of the California Code of Regulations (the "**California Regulations**"), based on the shares of the Company which are outstanding at the time the calculation is made.

(b) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted prior to such merger or consolidation by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a) hereof, except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options.

(a) General. The Board may grant options to purchase Common Stock (each, an "**Option**") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. An Option that is not intended to be an Incentive Stock Option (as hereinafter defined) shall be designated a "**Nonstatutory Stock Option**".

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "**Incentive Stock Option**") shall only be granted to employees of the Company, any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. All Options intended to qualify as Incentive Stock Options shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code, and without limiting generality of the foregoing, such Options shall be

deemed to include terms that comply with the eligibility standards described section 422(b) of the Code. Subject to the remaining provisions of this Section 5(b), if an Option intended to qualify as an Incentive Stock Option does not so qualify, the Board may, at its discretion, amend the Plan and Award with respect to such Option so that such Option qualifies as an Incentive Stock Option. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and any affiliates) exceeds $100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with the rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Award. Neither the Company nor the Board shall have any liability to a Participant, or any other party, (i) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as such or (ii) for any action or omission by the Company or Board that causes an Option not to qualify as an Incentive Stock Option, including without limitation the conversion of an Incentive Stock Option to a Nonstatutory Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option and specify the exercise price in the applicable option agreement. The exercise price shall be not less than 100% of the Fair Market Value on the date the Option is granted. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the per share exercise price shall be no less than 110% of the Fair Market Value on the date the Option is granted.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement, *provided that* the term of any Option shall not exceed ten years. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the term of the Option shall not exceed five years.

(e) Exercise of Option; Notification of Disposition. Options may be exercised by delivery to the Company of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board together with payment in full as specified in Section 5(f) for the number of shares for which the Option is exercised. Unless otherwise determined by the Board, an Option may not be exercised for a fraction of a share of Common Stock. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise. If an Option is designated as an Incentive Stock Option, the Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock acquired from the Option if such disposition or transfer is made (i) within two years from the grant date with respect to such Option or (ii) within one year after the transfer of such shares to the Participant (other than any such disposition made in connection with a Reorganization Event). Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(i) in cash or by check, payable to the order of the Company;

(ii) when the Common Stock is registered under the Exchange Act, except as may otherwise be provided in the applicable option agreement, by (A) delivery of an irrevocable and unconditional undertaking by a creditworthy broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(iii) when the Common Stock is registered under the Exchange Act and to the extent provided for in the applicable option agreement or approved by the Board, in its sole discretion, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their fair market value as determined by (or in a manner approved by) the Board ("**Fair Market Value**"), *provided* (A) such method of payment is then permitted under applicable law, (B) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (C) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(iv) to the extent permitted by applicable law and provided for in the applicable option agreement or approved by the Board, in its sole discretion, by (A) delivery of a promissory note of the Participant to the Company on terms determined by the Board, or (B) payment of such other lawful consideration as the Board may determine; or

(v) by any combination of the above permitted forms of payment.

(g) Early Exercise of Options. The Board may provide in the terms of an option agreement that the Participant may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock (as defined below) with respect to any unvested portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Board shall determine.

6. Restricted Stock; Restricted Stock Units.

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("**Restricted Stock**"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. Instead of granting Awards for Restricted Stock, the Board may grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("**Restricted Stock Units**") (Restricted Stock and Restricted Stock Units are each referred to herein as a "**Restricted Stock Award**").

(b) Terms and Conditions for All Restricted Stock Awards . The Board shall determine and set forth in the applicable award agreement the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(i) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares to the extent such dividends have a record date that is on or after the date on which the Participant to whom such Restricted Stock is granted becomes the record holder of such Restricted Stock, unless otherwise provided by the Board. Unless otherwise provided by the Board, if any dividends or distributions are paid in shares, or consist of a dividend or distribution to holders of Common Stock other than an ordinary cash dividend, the shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Each dividend payment will be made as provided in the applicable award agreement, but no later than the end of the calendar year in which the dividends are paid to shareholders of that class of stock or, if later, the 15th day of the third month following the later of (A) the date the dividends are paid to shareholders of that class of stock and (B) the date the dividends are no longer subject to forfeiture.

(ii) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "**Designated Beneficiary**"). In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

(d) Additional Provisions Relating to Restricted Stock Units.

(i) Settlement. Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or an amount of cash or other property equal to the Fair Market Value of one share of Common Stock on the settlement date, as the Board shall determine and as provided in the applicable award agreement. The Board may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A of the Code.

(ii) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units unless and until shares are delivered in settlement thereof.

(iii) Dividend Equivalents. To the extent provided by the Board, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Board, subject, in each case, to such terms and conditions as the Board shall establish and set forth in the applicable award agreement. "**Dividend Equivalents**" means a right granted to a Participant to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on shares of Common Stock.

7. Other Stock-Based Awards.

Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants ("**Other Stock-Based Awards**"), including without limitation stock appreciation rights ("**SARs**") and Awards entitling recipients to receive shares of Common Stock to be delivered in the future. Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price, transfer restrictions, vesting conditions and other terms and conditions applicable thereto.

8. Adjustments for Changes in Common Stock and Certain Other Events.

(a) In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under this Plan, (ii) the number and class of securities and exercise price per share of each outstanding Option, (iii) the number of shares subject to and the repurchase price per share subject to each outstanding Restricted Stock Award, and (iv) the terms of each other outstanding Award shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board; *provided that*, unless otherwise determined by the Board, such changes to the Options shall comply with section 1.424-1 of the Treasury Regulations. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(i) Definition. A "**Reorganization Event**" means the consummation of: (A) the dissolution or liquidation of the Company, (B) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (C) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the surviving or resulting entity (or its ultimate parent, if applicable), (D) the acquisition of all or a majority of the outstanding voting stock of the Company in a single transaction or a series of a related transactions by a person or group of persons, or (E) any other acquisition of the business of the Company, as determined by the Board; *provided, however*, that the first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale by the Company of its equity securities, as a result of or following which the Common Stock shall be public, any subsequent public offering or another capital raising event, or a merger effected solely to change the Company's domicile shall not constitute a "Reorganization Event."

(ii) Consequences of a Reorganization Event on Awards Other than Restricted Stock Awards. In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock Awards on such terms as the Board determines: (A) provide that Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof); *provided that*, unless otherwise determined by the Board, such assumption or substitution of the Options shall comply with section 1.424-1 of the Treasury Regulations, (B) upon written notice to a Participant, provide that the Participant's unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant within a specified period following the date of such notice, (C) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (D) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "**Acquisition Price**"), make or provide for a cash payment to a Participant equal to the excess, if any, of (I) the Acquisition Price times the number of shares of Common Stock subject to the Participant's Awards (to the extent the exercise price does not exceed the Acquisition Price) over (II) the aggregate exercise price of all such outstanding Awards and any applicable tax withholdings, in exchange for the termination of such Awards, (E) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof and any applicable tax withholdings) and (F) any combination of the foregoing. In taking any of the actions permitted under this Section 8(b), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

For purposes of clause (A) above, an Option shall be considered assumed if, following consummation of the Reorganization Event, the Option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Options to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent in value (as determined by the

Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(iii) Consequences of a Reorganization Event on Restricted Stock Awards. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company under each outstanding Restricted Stock Award shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Common Stock subject to such Restricted Stock Award. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Award or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock Awards then outstanding shall automatically be deemed terminated or satisfied.

9. General Provisions Applicable to Awards.

(a) Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Company shall not be obligated to deliver certificates, release from forfeiture, otherwise recognize a Participant's unrestricted ownership in an Award or the cash or property proceeds therefrom, until the Company satisfies all applicable federal, state, and local or other income and employment tax withholding obligations. In its sole discretion, the Company may satisfy such withholding obligations by any of the following means or by a combination of such means: (i) causing the Participant to tender to the Company cash payment; (ii) withholding cash from an Award settled in cash; (iii) withholding from amounts otherwise payable by the Company to the Participant, including but not limited to additional withholding on the Participant's salary or wages, or from proceeds from the sale of Common Stock issued pursuant to an Award; (iv) delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided, however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income), and *provided, further*, shares surrendered to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements; or (v) by such other method as determined by the Board.

(f) Amendment of Award.

(i) The Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (A) the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant's rights under the Plan, (B) the change is permitted under Section 8 hereof, or (C) the change is to ensure that an Option intended to qualify as an Incentive Stock Option qualifies as such.

(ii) The Board may, without stockholder approval, amend any outstanding Award granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Award. The Board may also, without stockholder approval, cancel any outstanding award (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled award.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is determined by the Board to be necessary to the lawful issuance and sale of any securities hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares at to which such requisite authority shall not have been obtained.

(h) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

10. Miscellaneous.

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding any other provision of the Plan, unless otherwise determined by the Board or required by any applicable laws, the Company shall not be required to deliver to any Participant certificates evidencing shares of Common Stock issued in connection with any Award and instead such shares of Common Stock may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on any stock certificates issued under the Plan deemed necessary or appropriate by the Board in order to comply with applicable laws.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the expiration of 10 years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time;*provided that* if at any time the approval of a Company stockholder is required as to any modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without the consent of the affected Participant. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 10(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, *provided* the Board determines that such amendment does not materially and adversely affect the rights of Participants under the Plan.

(e) Authorization of Sub-Plans. The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to this Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Code Section 409A. Unless otherwise expressly provided for in an Award, the Plan and Award will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award is silent on terms necessary for compliance, such terms as deemed necessary by the Board in its sole discretion are hereby incorporated by reference into the Award. Without limiting the generality of the foregoing, if shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule. The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any other action taken by the Board.

(g) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than such state.

(h) Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Company and its subsidiaries and affiliates may hold certain personal information about a Participant, including but not limited to, the Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its subsidiaries and affiliates, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "**Data**"). The Company and its subsidiaries and affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Participant's participation in the Plan, and the Company and its subsidiaries and affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Common Stock. The Data related to a Participant will be held only as long as is necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Board's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

(i) Restrictions on Shares; Claw-back Provisions. Shares of Common Stock acquired in respect of Awards shall be subject to such terms and conditions as the Board shall determine, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Board, be contained in the applicable Award Agreement or in an exercise notice, stockholders' agreement or in such other agreement as the Board shall determine, in each case in a form determined by the Board. The issuance of such shares of Common Stock shall be conditioned on the Participant's consent to such terms and conditions and the Participant's entering into such agreement or agreements. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares of Common Stock underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

ANEBULO PHARMACEUTICALS, INC.

2020 STOCK INCENTIVE PLAN

CALIFORNIA SUPPLEMENT

Pursuant to Section 10(e) of the Plan, the Board has adopted this supplement for purposes of satisfying the requirements of Section 25102(o) of the California Law:

Any Awards granted under the Plan to a Participant who is a resident of the State of California on the date of grant (a "**California Participant**") shall be subject to the following additional limitations, terms and conditions:

1. Additional Limitations on Options.

(a) Minimum Vesting Rate. Except in the case of Options granted to California Participants who are officers, directors, managers, consultants or advisors of the Company or its affiliates (which Options may become exercisable at whatever rate is determined by the Board), Options granted to California Participants shall become exercisable at a rate of not less than 20% per year over five years from the date of grant; *provided, that*, such Options may be subject to such reasonable forfeiture conditions as the Board may choose to impose and which are not inconsistent with Section 260.140.41 of the California Regulations.

(b) Minimum Exercise Price. The exercise price of Options granted to California Participants may not be less than 85% of the Fair Market Value of the Common Stock on the date of grant in the case of a Nonstatutory Stock Option or less than 100% of the Fair Market Value of the Common Stock on the date of grant in the case of an Incentive Stock Option; *provided, however*, that if the California Participant is a person who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporations, the exercise price shall be not less than 110% of the Fair Market Value of the Common Stock on the date of grant.

(c) Maximum Duration of Options. No Options granted to California Participants shall have a term in excess of 10 years measured from the Option grant date.

(d) Minimum Exercise Period Following Termination. Unless a California Participant's employment is terminated for cause (as defined by applicable law, the terms of any contract of employment between the Company and such Participant, or in the instrument evidencing the grant of such Participant's Option), in the event of termination of employment of such Participant, such Participant shall have the right to exercise an Option, to the extent that he or she was otherwise entitled to exercise such Option on the date employment terminated, as follows: (i) at least six months from the date of termination, if termination was caused by such Participant's death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) and (ii) at least 30 days from the date of termination, if termination was caused other than by such Participant's death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code).

(e) Limitation on Repurchase Rights. If an Option granted to a California Participant gives the Company the right to repurchase shares of Common Stock issued pursuant to the Plan upon termination of employment of such Participant, the terms of such repurchase right must comply with Section 260.140.41(k) of the California Regulations.

2. Additional Limitations for Restricted Stock Awards.

(a) Minimum Purchase Price. The purchase price for a Restricted Stock Award granted to a California Participant shall be not less than 85% of the Fair Market Value of the Common Stock at the time such Participant is granted the right to purchase shares under the Plan or at the time the purchase is consummated; *provided, however*, that if such Participant is a person who owns stock possessing more than 10% of the total combined voting power or value of all classes of stock of the Company or its parent or subsidiary corporations, the purchase price shall be not less than 100% of the Fair Market Value of the Common Stock at the time such Participant is granted the right to purchase shares under the Plan or at the time the purchase is consummated.

(b) Limitation of Repurchase Rights. If a Restricted Stock Award granted to a California Participant gives the Company the right to repurchase shares of Common Stock issued pursuant to the Plan upon termination of employment of such Participant, the terms of such repurchase right must comply with Section 260.140.42(h) of the California Regulations.

3. Additional Limitations for Other Stock-Based Awards.

The terms of all Awards granted to a California Participant under Section 7 of the Plan shall comply, to the extent applicable, with Section 260.140.41 or Section 260.140.42 of the California Regulations.

4. Additional Requirement to Provide Information to California Participants.

The Company shall provide to each California Participant and to each California Participant who acquires Common Stock pursuant to the Plan, not less frequently than annually, copies of annual financial statements (which need not be audited). The Company shall not be required to provide such statements to key employees whose duties in connection with the Company assure their access to equivalent information.

5. Additional Limitations on Timing of Awards.

No Award granted to a California Participant shall become exercisable, vested or realizable, as applicable to such Award, unless the Plan has been approved by the holders of a majority of the Company's outstanding voting securities within 12 months before or after the date the Plan was adopted by the Board.

6. Additional Limitations Relating to Definition of Fair Market Value.

For purposes of Section 1(b) and 2(a) of this supplement, "Fair Market Value" shall be determined in a manner not inconsistent with Section 260.140.50 of the California Regulations.

7. Additional Restriction Regarding Recapitalizations, Stock Splits, Etc.

For purposes of Section 8 of the Plan, in the event of a stock split, reverse stock split, stock dividend, recapitalization, combination, reclassification or other distribution of the Company's securities, the number of securities allocated to each California Participant must be adjusted proportionately and without the receipt by the Company of any consideration from any California Participant.