

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended December 31, 2024

or

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

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

Commission File No. 001-40388

**ANEBULO PHARMACEUTICALS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

1017 Ranch Road 620 South, Suite 107  
Lakeway, Texas  
(Address of principal executive offices)

85-1170950  
(I.R.S. Employer  
Identification No.)

78734  
(Zip Code)

(512) 598-0931

(Registrant's telephone number, including area code)

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

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

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

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

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

|                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input checked="" type="checkbox"/> |

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

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

As of February 6, 2025, the registrant had 41,084,731 shares of common stock, par value \$0.001 per share, outstanding.

**Anebulo Pharmaceuticals, Inc.**  
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In this report, unless otherwise stated or as the context otherwise requires, references to "Anebulo Pharmaceuticals," "Anebulo," "Company," "we," "us," "our" and similar references refer to Anebulo Pharmaceuticals, Inc. The Anebulo logo, and other trademarks or service marks of Anebulo Pharmaceuticals, Inc. appearing in this report are the property of Anebulo Pharmaceuticals, Inc. This report also contains registered marks, trademarks and trade names of other companies. All other trademarks, registered marks and trade names appearing in this report are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the “Quarterly Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are subject to the “safe harbor” created by those sections. These forward-looking statements about us and our industry involve substantial risks and uncertainties and our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under Part II, Item 1A, “Risk Factors” in this Quarterly Report and the “Risk Factors” as set forth in the Company’s Annual Report on Form 10-K for the year ended June 30, 2024 filed with the Securities and Exchange Commission (the “SEC”) on September 25, 2024 (the “2024 Form 10-K”). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “seek,” “plan,” “expect,” “should,” “would,” “potentially” or the negative of these terms or similar expressions in this Quarterly Report.

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

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

You should not place undue reliance on these forward-looking statements. Unless required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should carefully read this Quarterly Report, including the section titled “Risk Factors” and the documents that we reference in this Quarterly Report and have filed as exhibits to this Quarterly Report as well as the 2024 Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Quarterly Report by these cautionary statements.

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PART I. FINANCIAL INFORMATION

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

|   | December 31, 2024 | June 30, 2024 |
|---|-------------------|---------------|
| <b>Assets</b>   |                   |               |
| Current assets:   |                   |               |
| Cash and cash equivalents   | \$ 14,998,467     | \$ 3,094,200  |
| Grant receivable  | 30,756            | -             |
| Prepaid expenses  | 366,266           | 413,790       |
| Total current assets  | 15,395,489        | 3,507,990     |
| Other assets:   |                   |               |
| Loan commitment fees  | 445,731           | 565,124       |
| Total assets  | \$ 15,841,220     | \$ 4,073,114  |
| <b>Liabilities and stockholders' equity</b>   |                   |               |
| Current liabilities:  |                   |               |
| Accounts payable  | \$ 319,515        | \$ 156,426    |
| Accrued expenses  | 559,284           | 104,157       |
| Total liabilities   | 878,799           | 260,583       |
| <b>Commitments and contingencies</b>  |                   |               |
| Stockholders' equity:   |                   |               |
| Preferred stock, \$0.001 par value; 2,000,000 shares authorized, no shares issued or outstanding at December 31, 2024 and June 30, 2024   | -                 | -             |
| Common stock, \$0.001 par value; 50,000,000 authorized at December 31, 2024 and June 30, 2024; 41,084,731 and 25,933,217 shares issued and outstanding at December 31, 2024 and June 30, 2024, respectively | 41,086            | 25,934        |
| Additional paid-in capital  | 84,988,845        | 69,190,341    |
| Accumulated deficit   | (70,067,510)      | (65,403,744)  |
| Total stockholders' equity  | 14,962,421        | 3,812,531     |
| Total liabilities and stockholders' equity  | \$ 15,841,220     | \$ 4,073,114  |

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

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

|   | Three Months Ended<br>December 31, |                       | Six Months Ended<br>December 31, |                       |
|---|------------------------------------|-----------------------|----------------------------------|-----------------------|
|   | 2024                               | 2023                  | 2024                             | 2023                  |
| Research and development                                      | \$ 1,220,535                       | \$ 1,062,672          | \$ 2,535,394                     | \$ 2,332,892          |
| General and administrative                                    | 1,367,616                          | 1,697,787             | 2,464,881                        | 2,971,245             |
| Total operating expenses                                      | <u>2,588,151</u>                   | <u>2,760,459</u>      | <u>5,000,275</u>                 | <u>5,304,137</u>      |
| Loss from operations  | (2,588,151)                        | (2,760,459)           | (5,000,275)                      | (5,304,137)           |
| Other (income) expenses:                                      |                                    |                       |                                  |                       |
| Interest expense  | 59,696                             | 31,838                | 119,393                          | 31,838                |
| Interest income   | (7,067)                            | (75,522)              | (33,073)                         | (130,720)             |
| Grant income  | (177,703)                          | -                     | (423,065)                        | -                     |
| Other   | (47)                               | 594                   | 236                              | (7,063)               |
| Other income, net   | <u>(125,121)</u>                   | <u>(43,090)</u>       | <u>(336,509)</u>                 | <u>(105,945)</u>      |
| Net loss  | <u>\$ (2,463,030)</u>              | <u>\$ (2,717,369)</u> | <u>\$ (4,663,766)</u>            | <u>\$ (5,198,192)</u> |
| Weighted average common shares outstanding, basic and diluted | 27,415,430                         | 25,789,739            | 26,674,324                       | 25,711,478            |
| Net loss per share, basic and diluted                         | <u>\$ (0.09)</u>                   | <u>\$ (0.11)</u>      | <u>\$ (0.17)</u>                 | <u>\$ (0.20)</u>      |

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

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

|   | Common Stock      |                  | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|---|-------------------|------------------|----------------------------------|------------------------|----------------------------------|
|   | Shares            | Amount           |                                  |                        |                                  |
| Balance at June 30, 2023                                    | 25,633,217        | \$ 25,634        | \$ 67,777,757                    | \$ (57,202,041)        | \$ 10,601,350                    |
| Stock-based compensation expense                            | -                 | -                | 210,797                          | -                      | 210,797                          |
| Net loss  | -                 | -                | -                                | (2,480,823)            | (2,480,823)                      |
| Balance at September 30, 2023                               | 25,633,217        | \$ 25,634        | \$ 67,988,554                    | \$ (59,682,864)        | \$ 8,331,324                     |
| Issuance of common stock                                    | 300,000           | 300              | 653,700                          | -                      | 654,000                          |
| Stock-based compensation expense                            | -                 | -                | 219,262                          | -                      | 219,262                          |
| Net loss  | -                 | -                | -                                | (2,717,369)            | (2,717,369)                      |
| Balance at December 31, 2023                                | <u>25,933,217</u> | <u>\$ 25,934</u> | <u>\$ 68,861,516</u>             | <u>\$ (62,400,233)</u> | <u>\$ 6,487,217</u>              |
| Balance at June 30, 2024                                    | 25,933,217        | 25,934           | 69,190,341                       | (65,403,744)           | 3,812,531                        |
| Stock-based compensation expense                            | -                 | -                | 286,920                          | -                      | 286,920                          |
| Net loss  | -                 | -                | -                                | (2,200,736)            | (2,200,736)                      |
| Balance at September 30, 2024                               | <u>25,933,217</u> | <u>\$ 25,934</u> | <u>\$ 69,477,261</u>             | <u>\$ (67,604,480)</u> | <u>\$ 1,898,715</u>              |
| Issuance of common stock, net of offering costs of \$37,597 | 15,151,514        | 15,152           | 14,947,251                       | -                      | 14,962,403                       |
| Stock-based compensation expense                            | -                 | -                | 564,333                          | -                      | 564,333                          |
| Net loss  | -                 | -                | -                                | (2,463,030)            | (2,463,030)                      |
| Balance at December 31, 2024                                | <u>41,084,731</u> | <u>41,086</u>    | <u>84,988,845</u>                | <u>(70,067,510)</u>    | <u>14,962,421</u>                |

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

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

|  | <b>Six Months Ended December 31,</b> |             |
|--|--------------------------------------|-------------|
|  | <b>2024</b>                          | <b>2023</b> |
| <b>Cash flows from operating activities:</b>                               |                                      |             |
| Net loss   | \$ (4,663,766)                       | (5,198,192) |
| Adjustments to reconcile net loss to net cash used in operating activities |                                      |             |
| Stock-based compensation   | 851,253                              | 430,059     |
| Amortization of loan commitment fee  | 119,393                              | 31,838      |
| Changes in operating assets and liabilities:                               |                                      |             |
| Grant receivable   | (30,756)                             | -           |
| Prepaid expenses   | 47,524                               | 251,008     |
| Accounts payable   | 125,492                              | (215,866)   |
| Accrued expenses   | 455,127                              | 160,621     |
| Net cash used in operating activities                                      | (3,095,733)                          | (4,540,532) |
| <b>Cash flows from financing activities:</b>                               |                                      |             |
| Proceeds from issuance of common stock                                     | 15,000,000                           | -           |
| Payment of financing costs   | -                                    | (62,354)    |
| Net cash provided by (used in) financing activities                        | 15,000,000                           | (62,354)    |
| Net increase (decrease) in cash  | 11,904,267                           | (4,602,886) |
| Cash, beginning of period  | 3,094,200                            | 11,247,403  |
| Cash, end of the period  | \$ 14,998,467                        | 6,644,517   |
| <b>Noncash investing and financing activities:</b>                         |                                      |             |
| Offering costs included in accounts payable                                | 37,597                               | -           |
| Financing commitment fee funded through issuance of common stock           | -                                    | 654,000     |

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

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

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

***Organization***

Anebulo Pharmaceuticals, Inc. (the “Company”) was founded on April 23, 2020, as a Delaware corporation. The Company is a clinical stage pharmaceutical company focused on developing treatments for cannabis-induced toxicity, such as unintentional cannabis poisoning in children, acute cannabinoid intoxication (“ACI”) in adults, and the broader landscape of acute cannabis-induced conditions. The Company’s principal operations are located in Lakeway, Texas.

***Liquidity and capital resources***

Since inception, the Company’s activities have consisted primarily of performing research and development to advance its product candidates. The Company is still in the development phase and has not been marketing any developed products to date. Since inception, the Company has incurred losses, including a net loss of approximately \$4.7 million for the six-month period ended December 31, 2024. As of December 31, 2024, the Company had an accumulated deficit of \$70.1 million. The Company expects to continue to generate operating losses. In December 2024, the Company entered into a securities purchase agreement which resulted in net proceeds of approximately \$15.0 million. Refer to Note 7 for further discussion.

The Company expects that its cash and cash equivalents, along with available funding under the Loan and Security Agreement (see Note 10), will be sufficient to fund its operating expenses and capital expenditure requirements through at least 12 months from the issuance date of the financial statements.

Until such time, if ever, as the Company can generate substantial product revenue from sales of any current or future product candidates, the Company expects to seek additional funding in order to reach its development and commercialization objectives through various potential sources, such as equity and debt financings or through collaboration, license and development agreements. The Company may not be able to obtain funding or enter into collaboration, license or development agreements on acceptable terms, or at all. The terms of any funding may be dilutive to or adversely affect the rights of the Company’s stockholders. If the Company is unable to obtain funding on satisfactory terms, or at all, the Company could be forced to delay, scale back or eliminate the development of its current or future product candidates or other business.

***Risks and uncertainties***

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

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

### ***Basis of presentation***

The accompanying condensed financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The unaudited interim condensed financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted from this report, as is permitted by such rules and regulations. Accordingly, these condensed financial statements should be read in conjunction with the financial statements as of and for the year ended June 30, 2024 and the notes thereto, which are included in the Company's Annual Report on Form 10-K for the year ended June 30, 2024 filed with the SEC on September 25, 2024 (the "2024 Form 10-K").

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

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

The Company's significant accounting policies are disclosed in the audited financial statements as of and for the year ended June 30, 2024, and notes thereto, which are included in the Company's 2024 Form 10-K. Since the date of those financial statements, other than the Company's policy for accounting for research and development grants, there have been no material changes to significant accounting policies. Refer to Note 11 for further discussion.

### ***Recent accounting pronouncements***

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU improves financial reporting by requiring disclosure of incremental segment information. The new guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance was effective for the Company on July 1, 2024. The Company expects to provide incremental qualitative segment-related disclosures beginning with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2025.

In November 2024, the FASB issued ASU No. 2024-03, "Disaggregation of Income Statement Expenses." The new standard requires additional disclosures about specific types of expenses included in the expense captions presented on the face of income statements as well as disclosures about selling expenses. The guidance applies prospectively with the option to apply the standard retrospectively. ASU No. 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and for interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of this ASU.

### Note 3. Prepaid Expenses

Prepaid expenses consisted of the following:

|                                  | December 31, 2024 | June 30, 2024     |
|----------------------------------|-------------------|-------------------|
| Prepaid insurance                | \$ 178,345        | \$ 95,871         |
| Prepaid research and development | 158,660           | 274,879           |
| Prepaid other                    | 29,261            | 43,040            |
| Total prepaid expenses           | <u>\$ 366,266</u> | <u>\$ 413,790</u> |

### Note 4. Accrued Expenses

Accrued expenses consisted of the following:

|                                  | December 31, 2024 | June 30, 2024     |
|----------------------------------|-------------------|-------------------|
| Accrued payroll related expenses | \$ 137,259        | \$ 29,512         |
| Accrued research and development | 422,025           | 47,554            |
| Accrued professional fees        | -                 | 27,091            |
| Total accrued expenses           | <u>\$ 559,284</u> | <u>\$ 104,157</u> |

### Note 5. Other Assets

Other assets include loan commitment fees. Total loan commitment fees of approximately \$0.7 million are being amortized over three years, the term of the loan (see Note 10). The balance was \$0.4 million and \$0.6 million as of December 31, 2024 and June 30, 2024, respectively. For the three and six months ended December 31, 2024, the Company recorded interest expense of \$0.1 million related to the amortization of the loan commitment fees. For the three and six months ended December 31, 2023, the Company recorded interest expense of approximately \$32,000.

### Note 6. License Agreement

In May 2020, the Company licensed certain intellectual property, know-how and clinical trial data from Vernalis Development Limited (“Vernalis”) pursuant to the License Agreement. The initial consideration in exchange for the license was \$150,000 and was recorded as research and development expense in the statement of operations for the period from April 23, 2020 (inception) to June 30, 2020. The license term shall continue unless and until terminated for cause or insolvency, upon sixty days written notice from the Company, or until such time as all royalties and other sums cease to be payable in accordance with the terms of the License Agreement. The Company is required to pay development milestone payments related to clinical trials and granting of marketing authorization ranging from \$0.4 million to \$3.0 million, up to a total development milestone payment of \$29.9 million, and sales milestone payments of \$10.0 million and \$25.0 million, in the first year when cumulative annual net sales of licensed product exceeds \$500.0 million and \$1.0 billion, respectively. The Company is also required to pay annual single-digit royalties on net product sales over the term of the License Agreement.

As part of the initial public offering (“IPO”) in May 2021, the Company issued 192,857 shares of the Company’s common stock \$0.001 par value per share (the “common stock”) to Vernalis in lieu of future milestone payments by the Company of approximately \$1.4 million, whether or not the Company achieves those milestones. The Company has determined that no further milestone payments are considered probable as of December 31, 2024, and therefore no liability has been recorded.

## Note 7. Stockholders' Equity

On May 4, 2021, the Company filed an amended and restated certificate of incorporation (the "Restated Certificate") with the Secretary of State of the State of Delaware in connection with the closing of its IPO. On November 20, 2023, the Company filed a certificate of amendment to the Restated Certificate with the Secretary of State of the State of Delaware to increase the authorized number of shares of its common stock from 40,000,000 to 50,000,000 shares. As set forth in the Restated Certificate, as amended, the Company's authorized capital stock consists of 50,000,000 shares of common stock, par value \$0.001 per share, and 2,000,000 shares of preferred stock, par value \$0.001 per share.

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

On November 13, 2023, the Company issued 300,000 shares of common stock in conjunction with a Loan and Security Agreement – see Note 10.

On December 22, 2024, the Company entered into a securities purchase agreement with 22NW Fund, LP, a greater than 5% stockholder of the Company that is controlled by Aron English, a director of the Company, as well as other institutional accredited investors (the "Investors"), pursuant to which, on December 23, 2024, the Company issued and sold to the Investors, in a private placement priced at-the-market (the "Private Placement") consistent with the rules of the Nasdaq Stock Market LLC ("Nasdaq"), an aggregate of 15,151,514 shares (the "Shares") of common stock. The purchase price of each Share was \$0.99, equal to the Nasdaq Minimum Price, as defined in Nasdaq Listing Rule 5635(d). The Company received aggregate gross proceeds from the Private Placement of approximately \$15.0 million, before deducting offering expenses payable by the Company of approximately \$38,000.

## Note 8. Stock-Based Compensation

In June 2020, the Board of Directors adopted the 2020 Stock Incentive Plan, which provided for the grant of qualified incentive stock options and nonqualified stock options or other awards to the Company's employees, officers, directors, advisors, and outside consultants for the purchase of up to 1,650,000 shares of the Company's common stock. On October 22, 2021, the Company's stockholders approved an increase of the total authorized shares available for issuance under the 2020 Stock Incentive Plan to 3,650,000 shares. Other awards include restricted stock, restricted stock units, stock appreciation rights and other stock-based awards. Other stock-based awards are awards valued in whole or in part by reference to, or are otherwise based on, shares of common stock. Stock options generally vest over a four-year period, at achievement of a performance requirement, or upon change of control (as defined in the applicable plan). The awards expire in five to ten years from the date of grant. As of December 31, 2024, the Company had 70,019 shares available for future issuance under the 2020 Stock Incentive Plan.

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

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

The following table summarizes the range of key assumptions used to determine the fair value of stock options granted during the three and six months ended December 31, 2024 and 2023.

|                          | Three Months Ended<br>December 31, |       | Six Months Ended<br>December 31, |             |
|--------------------------|------------------------------------|-------|----------------------------------|-------------|
|                          | 2024                               | 2023  | 2024                             | 2023        |
| Risk-free interest rate  | 4.07%                              | 4.77% | 4.07%                            | 4.6% – 4.8% |
| Expected term (in years) | 5.00                               | 6.25  | 5.00                             | 6.25        |
| Expected volatility      | 90%                                | 60%   | 90%                              | 60.0%       |
| Expected dividend yield  | -                                  | -     | -                                | -           |

The following table summarizes stock option activity for the six months ended December 31, 2024:

|  | Number of<br>Shares | Weighted Average<br>Exercise Price | Weighted Average<br>Remaining<br>Contractual Term<br>(Years) | Aggregate<br>Intrinsic Value |
|--|---------------------|------------------------------------|--|------------------------------|
| Outstanding at June 30, 2024             | 2,319,048           | \$ 3.00                            | 6.0  |                              |
| Granted                                  | 254,433             | \$ 1.56                            |  |                              |
| Exercised                                | -                   | \$ -                               |  |                              |
| Forfeited/cancelled                      | -                   | \$ -                               |  |                              |
| Outstanding at December 31, 2024         | 2,573,481           | \$ 2.85                            | 5.9  | \$ -                         |
| Options exercisable at December 31, 2024 | 1,274,236           | \$ 2.81                            | 4.4  | \$ -                         |

As of December 31, 2024, unrecognized stock-based compensation expense related to unvested stock options totaled approximately \$1.8 million, which is expected to be recognized over a weighted average period of 2.2 years.

The Company recorded stock-based compensation expense of approximately \$0.6 million and \$0.9 million for the three and six months ended December 31, 2024, respectively, all of which is included in general and administrative expenses. The Company recorded stock-based compensation expense of approximately \$0.2 million and \$0.4 million for the three and six months ended December 31, 2023, respectively, all of which is included in general and administrative expenses.

#### Note 9. Net Loss Per Share Attributable to Common Stockholders

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

|                           | December 31,     |                  |
|---------------------------|------------------|------------------|
|                           | 2024             | 2023             |
| Stock options outstanding | 2,573,481        | 2,373,173        |
| Warrants outstanding      | 2,264,650        | 2,264,650        |
| Total                     | <u>4,838,131</u> | <u>4,637,823</u> |

#### Note 10. Loan and Security Agreement

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

The Company issued 300,000 shares of common stock to 22NW Fund, LP upon the signing of the LSA. The Company will also issue 0.03 shares of common stock per dollar loaned in each Advance (rounded up or down to the nearest whole share) up to a maximum aggregate of 300,000 (the “Advance Shares”); provided that a minimum of 50,000 Advance Shares will be issued in connection with the first Advance. The Advance Shares shall be issued to the Lenders on a pro rata basis according to the portion of each Advance such Lender funds. There was no balance outstanding under the LSA as of December 31, 2024 or June 30, 2024.

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

#### Note 11. Research and Development Grant

On July 16, 2024, the Company was awarded the first tranche of \$0.9 million of a two-year cooperative grant of up to a total of approximately \$1.9 million from the National Institute on Drug Abuse (“NIDA”), part of the National Institutes of Health (“NIH”), to support the development of intravenous selonabant, for the potential use as an emergency treatment of acute cannabis-induced toxicities, including cannabis-induced Central Nervous System depression in children. The grant comes in the form of two tranches with the initial award of \$0.9 million in the first year and subsequent funding of approximately \$1.0 million subject to certain conditions and milestones prior to the second year, specifically that the Investigational New Drug Application to the FDA for a Phase 1 single ascending dose study of intravenous selonabant in healthy adults is permitted to proceed or that the FDA has not imposed a clinical hold that cannot be successfully addressed with available time and resources.

As the granting agency does not meet the definition of a customer under Topic 606, the Company accounts for qualifying grant receipts as other income within the Company’s condensed statements of operations. The Company earns income for performing tasks under the grant agreement. Income is derived from the reimbursement of direct out-of-pocket expenses (including amounts to subrecipients), salaries and fringe benefits, and certain direct materials costs associated with grant activities.

At December 31, 2024, the Company recorded a grant receivable of approximately \$31,000, which relates to qualified expenses incurred in connection with grant activities which have not yet been billed back to the funding agency. The Company recorded \$0.2 million and \$0.4 million of grant income for the three and six months ended December 31, 2024, respectively. Collection is deemed probable, and therefore no allowance for credit losses has been established. There were no receivable amounts at June 30, 2024, and no grant income was recognized during the three and six months ended December 31, 2023.

#### Note 12. Subsequent Events

On February 10, 2025, we modified the LSA, pursuant to an Amended and Restated Loan Agreement (the LSA, as amended and restated, the “Loan Agreement”), which, among other things, reduced the maximum loan advance to \$3 million, removed all securitization provisions and provides that all of 22NW’s right, title, and interest in and to the LSA and the Loan Agreement and all rights, remedies and obligations of 22NW’s pursuant to the LSA and the Loan Agreement are assigned to 22NW Fund, LP (“22NW Fund”). The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed there under shall be due and payable on February 10, 2028. In addition, the Loan Agreement requires that the Company issue 0.03 shares of common stock per dollar loaned under the Loan Agreement, up to a maximum of 90,000 shares, with a minimum of 50,000 shares being issued in connection with the first advance made pursuant to the Loan Agreement. As of December 31, 2024, there was no balance outstanding under the LSA and, as of February 14, 2025, there is no balance outstanding under the Loan Agreement.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report and the audited financial statements and notes thereto as of and for the year ended June 30, 2024 and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our 2024 10-K, which was filed with the SEC on September 25, 2024. The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which are subject to the “safe harbor” created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item 1A, “Risk Factors” in this Quarterly Report and in the 2024 Form 10-K. Please also see the section entitled “Special Note Regarding Forward-Looking Statements.”*

### Overview

We are a clinical-stage pharmaceutical company developing treatments for cannabis-induced toxicity, such as unintentional cannabis poisoning, acute cannabinoid intoxication (“ACI”) in adults, and the broader landscape of acute cannabis-induced conditions. Our lead product candidate, selonabant (formerly ANEB-001), is intended to rapidly reverse the negative effects of cannabis-induced toxicity and reduce time to recovery. Unintentional cannabis poisoning primarily occurs in children. Pediatric patients exposed to cannabis are at risk of serious and life-threatening outcomes including Central Nervous System (“CNS”) depression, respiratory depression, seizures, and coma. ACI in adults is characterized by signs and symptoms that may include anxiety, panic attacks, agitation, psychosis, and tachycardia. There are no approved medical treatments currently available to specifically treat cannabis-induced toxicity, and we are not aware of any competing products that are further along in the development process than selonabant in reversing the effects of cannabinoids like delta-9-tetrahydrocannabinol, better known as THC, the principal psychoactive constituent of cannabis.

Cannabis-induced toxicity has become a widespread health issue in the United States, particularly in the increasing number of states that have legalized cannabis for medical and recreational use. Unintentional or excessive ingestion of THC via edible products such as gummies, candy, and brownies, is a major cause of THC-related emergency room visits.

Hospital emergency rooms across the United States have seen a dramatic increase in patient visits with cannabis-related conditions. In 2014, there were an estimated 1.1 million cannabis-related emergency department patient visits, according to data published in “Trends and Characteristics of Cannabis-Associated Emergency Department Visits in the United States, 2006-2018,” *Drug Alcohol Depend.* 2022 Mar 1;232:109288. doi: 10.1016/j.drugalcdep.2022.109288. Epub 2022 Jan 10. PMID: 35033959; PMID: PMC9885359) by Roehler DR, Hoots BE, Holland KM, Baldwin GT, and Vivolo-Kantor AM, 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 evaluation of a published analysis of the most recent NEDS data, we believe that the number of cannabis related emergency department visits grew to approximately 1.8 million patients in 2021. We believe the number of cannabis-related emergency department visits and health problems associated with unintentional cannabis poisoning and ACI 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 cannabis-induced toxicity.

Previous clinical trials completed by a third party have shown that oral selonabant is rapidly absorbed, well tolerated and, when repeatedly administered to obese subjects, leads to weight loss, an effect that is consistent with central antagonism of the cannabinoid receptor type-1 (“CB1”), the primary target of agonists like THC. In March 2021, our European clinical trial application (“CTA”), which is equivalent to an investigational new drug application in the United States, was accepted in the Netherlands to allow us to utilize oral selonabant in a randomized, double-blind, placebo-controlled Phase 2 human proof-of-concept clinical trial for potential use as a treatment for ACI (NCT05282797). The study (the “Netherlands Trial”) was designed to evaluate the safety, tolerability, pharmacokinetics, and effectiveness of a single oral dose of selonabant in treating healthy adult subjects challenged with THC. On March 28, 2023, we announced complete results from Part A and Part B of the Netherlands Trial, in a total of 134 subjects. Dosing of an additional 20 subjects in an open-label extension of the study (“Part C”) was initiated in July 2023 and the study was completed in August 2023. We met with the U.S. Food and Drug Administration (the “FDA”) in July 2023 for a Type B meeting to discuss the Part A and B Phase 2 data and the potential path forward for Phase 3 development of oral selonabant for the treatment of adult ACI and received the minutes of the meeting in August 2023. The FDA indicated that a single well-controlled study of oral selonabant in ACI patients presenting to the emergency department combined with a larger THC challenge study in volunteers could potentially provide substantial evidence to support a new drug application. In addition, an observational study in patients presenting to emergency departments with ACI is currently ongoing. The study is designed to determine concentrations of cannabinoids and metabolites in plasma and gather information on signs and symptoms, patients’ disposition and selected assessments, where possible. We believe the data generated from the Netherlands Trial provide support for our development pathway.

Rather than proceeding directly with the Phase 3 studies of oral selonabant in adults with ACI, we are prioritizing the advancement of a selonabant intravenous (“IV”) formulation as a potential treatment for pediatric patients with cannabis-induced CNS depression, which we believe offers the potential for a faster timeline to approval relative to the adult oral product. We are currently scaling up the intravenous formulation for initial clinical safety studies. We met with the FDA in December 2024 for a Pre-IND meeting to discuss the development of IV selonabant and the initial plan for clinical testing. FDA acknowledged the unmet need for a treatment for children exposed to cannabis toxicity, and proposed a close, ongoing collaboration to efficiently advance the selonabant program for the pediatric indication. We plan to begin a Phase I single ascending dose (“SAD”) study of IV selonabant in healthy adults in 1H25.

The recent decision by the United States Department of Justice to support the rescheduling of marijuana from a schedule I to a schedule III-controlled substance is a move that we believe will ultimately lead to increased use of cannabis-containing products among US households. This potentially includes edible products that are often the cause of cannabis-induced toxicity in children. We have evaluated the potential advantages of prioritizing a near-term solution for children with more serious symptoms over progressing our plans for clinical studies to support an adult oral ACI treatment and have decided to focus current efforts on the pediatric indication at this time. Our decision to prioritize the development of an intravenous treatment for children is driven by multiple factors, including our recent development of a suitable IV selonabant formulation that enables its use in the pediatric population and our prior discussions with the FDA, which highlighted the need for an alternative formulation of selonabant for treating younger patients. There is increasing recognition among clinicians that this is a growing, unmet medical need in a vulnerable population where there are no approved treatments. Our belief is that the path to approval for an oral treatment for adult ACI may be facilitated by an initial approval for intravenous treatment of cannabis-induced toxicity in the pediatric population. Furthermore, with this unprecedented change in cannabis regulation, Anebulo is uniquely positioned to become a provider of a rapid and clinically impactful solution for Emergency Departments to treat pediatric patients suffering from cannabis-induced toxicity. Research has shown children are much more sensitive to the toxic effects of cannabis. Key factors such as an underdeveloped endocannabinoid system with more CB1 receptors in the brain than adults, and reduced ability to metabolize THC, contribute to a much greater risk to children. The risk is also evident in how cannabis affects this population; in contrast to adults who are exposed to acute cannabis toxicity, children are at risk of serious and life-threatening outcomes such as CNS depression, respiratory depression, seizures, and coma.

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

Our lead product candidate is selonabant, a potent, small molecule cannabinoid receptor antagonist, to address the unmet medical need for a specific antidote for cannabis toxicity. Selonabant is orally bioavailable, rapidly absorbed, and has also been formulated for intravenous administration. We anticipate that both oral and IV selonabant treatments have the potential to reverse the symptoms of cannabis toxicity. Our proprietary position in the treatment of cannabis toxicity is protected by rights to two patent applications covering various methods of use of the compound and delivery systems.

We were incorporated in Delaware on April 23, 2020, and commenced operations in May 2020. Our operations to date have consisted of organizing and acquiring the license rights to Vernalis’ licensed products, assembling an executive team, starting preparations for and conducting 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. Prior to our initial public offering (“IPO”), we funded our operations through a private placement of our series A convertible preferred stock and issuance of two promissory notes to a related party.

On October 24, 2023, the United States Patent and Trademark Office issued us U.S. Patent No. 11,795,146 titled “Crystalline forms of a cannabinoid receptor type 1 (CB1) modulator and methods of use and preparation thereof.” The issued patent describes crystalline forms of our investigational drug selonabant and methods of use to treat acute cannabinoid overdose and is expected to provide patent protection through 2042.

As more fully described in the Liquidity and Capital Resources section below, on November 13, 2023, we entered into a Loan and Security Agreement (“LSA”) with 22NW, LP and JFL Capital Management LLC (“JFL”), as lenders, which originally allowed us to borrow up to \$10 million as needed to fund future operations and provided that upon the draw of at least \$3 million in the aggregate, the LSA will be collateralized by substantially all of our assets. On February 10, 2025, we modified the LSA, pursuant to an Amended and Restated Loan Agreement (the LSA, as amended and restated, the “Loan Agreement”), which, among other things, reduced the maximum loan advance to \$3 million and removed all securitization provisions. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed there under shall be due and payable on February 10, 2028. As of December 31, 2024, there was no balance outstanding under the LSA and, as of February 14, 2025, there is no balance outstanding under the Loan Agreement.

On July 16, 2024, we were awarded the first tranche of \$0.9 million of a two-year cooperative grant of up to a total of approximately \$1.9 million from the National Institute on Drug Abuse (“NIDA”), part of the National Institutes of Health (“NIH”), to support the development of intravenous selonabant, for the potential use as an emergency treatment of acute cannabis-induced toxicities, including cannabis-induced CNS depression in children. With the support of NIDA, Anebulo aims to complete IND-enabling activities and the scale up of its formulation of intravenous selonabant around calendar year end 2024 as it prepares for clinical studies and the Company expects to enroll the first healthy adult volunteer in the first half of calendar 2025. The grant comes in the form of two tranches with the initial award of \$0.9 million in the first year and subsequent funding of approximately \$1 million subject to certain conditions and milestones prior to the second year, specifically that the Investigational New Drug Application to the FDA for a Phase 1 single ascending dose study of intravenous selonabant in healthy adults is permitted to proceed or that the FDA has not imposed a clinical hold that cannot be successfully addressed with available time and resources.

On December 22, 2024, we entered into a securities purchase agreement with 22NW Fund, LP (“22NW”), a greater than 5% stockholder of the Company that is controlled by Aron English, a director of the Company, as well as other institutional accredited investors (the “Investors”), pursuant to which, on December 23, 2024, we issued and sold to the Investors, in a private placement priced at-the-market (the “Private Placement”) consistent with the rules of the Nasdaq Stock Market LLC (“Nasdaq”), an aggregate of 15,151,514 shares (the “Shares”) of common stock, par value \$0.001 per share (the “common stock”). The purchase price of each Share was \$0.99, equal to the Nasdaq Minimum Price, as defined in Nasdaq Listing Rule 5635(d). We received aggregate gross proceeds from the Private Placement of approximately \$15.0 million, before deducting offering expenses payable by the Company of approximately \$38,000.

## **Components of Results of Operations**

### ***Revenue***

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

### Research and Development Expenses

We expect to continue incurring significant research and development costs related to selonabant. Our research and development expenses for the three and six months ended December 31, 2024 and 2023 included research and development consulting expenses, clinical and nonclinical trials, and other costs, such as third-party and manufacturing costs, associated with development of our lead product candidate, selonabant.

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

- direct third-party costs such as expenses incurred under agreements with contract research organizations (“CROs”) and contract manufacturing organizations (“CMOs”);
- costs associated with research and development activities of consultants, including travel expense;
- other third-party expenses directly attributable to the development of our product candidates; and
- amortization expense for future asset purchases used in research and development activities.

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

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

### General and Administrative Expenses

General and administrative expenses for the three and six months ended December 31, 2024 and 2023 consisted primarily of professional fees, insurance, personnel costs, including stock-based compensation, and rent.

### Results of Operations

#### Comparison of the Three and Six Months Ended December 31, 2024 and 2023

The following table summarizes our results of operations:

|                            | Three Months Ended<br>December 31, |                | Period to<br>Period<br>Change | Six Months Ended<br>December 31, |                | Period to<br>Period<br>Change |
|----------------------------|------------------------------------|----------------|-------------------------------|----------------------------------|----------------|-------------------------------|
|                            | 2024                               | 2023           |                               | 2024                             | 2023           |                               |
| Research and development   | \$ 1,220,535                       | \$ 1,062,672   | \$ 157,863                    | \$ 2,535,394                     | \$ 2,332,892   | \$ 202,502                    |
| General and administrative | 1,367,616                          | 1,697,787      | (330,171)                     | 2,464,881                        | 2,971,245      | (506,364)                     |
| Total operating expenses   | 2,588,151                          | 2,760,459      | (172,308)                     | 5,000,275                        | 5,304,137      | (303,862)                     |
| Loss from operations       | (2,588,151)                        | (2,760,459)    | 172,308                       | (5,000,275)                      | (5,304,137)    | 303,862                       |
| Other (income) expenses:   |                                    |                |                               |                                  |                |                               |
| Interest expense           | 59,696                             | 31,838         | 27,858                        | 119,393                          | 31,838         | 87,555                        |
| Interest income            | (7,067)                            | (75,522)       | 68,455                        | (33,073)                         | (130,720)      | 97,647                        |
| Grant income               | (177,703)                          | -              | (177,703)                     | (423,065)                        | -              | (423,065)                     |
| Other                      | (47)                               | 594            | (641)                         | 236                              | (7,063)        | 7,299                         |
| Other income, net          | (125,121)                          | (43,090)       | (82,031)                      | (336,509)                        | (105,945)      | (230,564)                     |
| Net loss                   | \$ (2,463,030)                     | \$ (2,717,369) | \$ 254,339                    | \$ (4,663,766)                   | \$ (5,198,192) | \$ 534,426                    |

### Research and Development Expenses

Research and development expenses consisted of the following:

|  | Three Months Ended<br>December 31, |              | Period to<br>Period<br>Change | Six Months Ended<br>December 31, |              | Period to<br>Period<br>Change |
|--|------------------------------------|--------------|-------------------------------|----------------------------------|--------------|-------------------------------|
|  | 2024                               | 2023         |                               | 2024                             | 2023         |                               |
| Pre-clinical, nonclinical and clinical studies | \$ 455,039                         | \$ 300,659   | \$ 154,380                    | \$ 1,288,900                     | \$ 1,141,792 | \$ 147,108                    |
| Contract manufacturing                         | 435,999                            | 498,230      | (62,231)                      | 651,465                          | 641,532      | 9,933                         |
| Other research and development                 | 329,497                            | 263,783      | 65,714                        | 595,029                          | 549,568      | 45,461                        |
| Total research and development expenses        | \$ 1,220,535                       | \$ 1,062,672 | \$ 157,863                    | \$ 2,535,394                     | \$ 2,332,892 | \$ 202,502                    |

Research and development expenses during the three and six months ended December 31, 2024 increased by \$0.2 million from the comparable prior year period. Rather than proceeding directly with the Phase 3 oral ACI studies in adults, we are prioritizing the advancement of a selonabant IV formulation as a potential treatment for pediatric patients with cannabis-induced CNS depression, which we believe offers the potential for a faster timeline to approval relative to the adult oral product. As a result, pre-clinical, nonclinical, and clinical studies expenses increased \$0.1 million for the three and six months ended December 31, 2024 from the prior periods. We expect our research and development expenses to increase as we continue to scale up the IV formulation and commence clinical safety studies.

## General and Administrative Expenses

General and administrative expenses consisted of the following:

|   | Three Months Ended<br>December, |                     | Period to<br>Period | Six Months Ended<br>December 31, |                     | Period to<br>Period |
|---|---------------------------------|---------------------|---------------------|----------------------------------|---------------------|---------------------|
|   | 2024                            | 2023                | Change              | 2024                             | 2023                | Change              |
| Compensation and related benefits         | \$ 423,899                      | \$ 848,171          | \$ (424,272)        | \$ 730,512                       | \$ 1,112,881        | \$ (382,369)        |
| Professional and consultant fees          | 196,282                         | 414,043             | (217,761)           | 512,076                          | 1,028,003           | (515,927)           |
| Stock-based compensation expense          | 564,333                         | 219,262             | 345,071             | 851,253                          | 430,059             | 421,194             |
| Directors' and officers' insurance        | 122,983                         | 117,525             | 5,458               | 240,141                          | 235,050             | 5,091               |
| Facilities, fees and other costs          | 60,119                          | 98,786              | (38,667)            | 130,899                          | 165,252             | (34,353)            |
| Total general and administrative expenses | <u>\$ 1,367,616</u>             | <u>\$ 1,697,787</u> | <u>\$ (330,171)</u> | <u>\$ 2,464,881</u>              | <u>\$ 2,971,245</u> | <u>\$ (506,364)</u> |

For the three and six months ended December 31, 2024, general and administrative expenses decreased \$0.3 million and \$0.5 million, respectively, from the comparable prior year periods. These decreases were driven by decreases in compensation and related benefits of \$0.4 million, primarily resulting from expense recognized in connection with the severance agreement entered into with our former CEO during October 2023, as well as decreased professional and consultant fees of \$0.2 million and \$0.5 million for the three and six months ended December 31, 2024, respectively, resulting from an overall decrease due to strategic cost reductions. These decreases were partially offset by an increase in stock-based compensation expense of \$0.3 million and \$0.4 million during the three and six months ended December 31, 2024, respectively, which increased during the current periods due to grants of options in June 2024 and December 2024 with immediate vesting terms.

## Interest Expense

Interest expense relates to the amortization of loan commitment fees in connection with the LSA (prior to being amended and restated), which was not entered into until November 2023.

## Interest Income

The decrease in interest income is due to an overall decrease in average cash and cash equivalents balances during the majority of the periods, as well as a decrease in interest rates.

## Grant Income

During the three and six months ended December 31, 2024, we recognized grant income of \$0.2 million and \$0.4 million, respectively, in connection with our research and development grant with NIDA. Grant income is derived from the reimbursement of direct out-of-pocket expenses associated with grant activities. There was no grant income recognized during the three or six months ended December 31, 2023, as the NIDA grant was not executed until July 2024 and there were no other comparable grants.

## Liquidity and Capital Resources

### Overview

Since our inception in April 2020, we have incurred significant operating losses. We expect to incur significant expenses and operating losses in the future as we advance the clinical development of our programs. In May 2021, we completed our IPO in which we received net proceeds of approximately \$19.8 million. On September 28, 2022, we closed a private placement offering, in which we received net proceeds of approximately \$6.3 million. Furthermore, on December 23, 2024, we closed on another private placement offering, in which we received net proceeds of approximately \$15.0 million. As of December 31, 2024, we had cash and cash equivalents of approximately \$15.0 million. We expect that we will need to raise additional funding in the future, in addition to any amounts we are entitled to draw pursuant to the Loan Agreement, and will seek to raise additional funds through various potential sources, such as equity and debt financings or through collaboration, license and development agreements. We can give no assurances that we will be able to secure such additional sources of funds to support our operations on acceptable terms or at all, or, if such funds are available to us, that such additional financing will be sufficient to meet our needs.

### Loan and Security Agreement

On November 13, 2023, we entered into the LSA with 22NW, LP and JFL, as lenders, which originally allowed us to borrow up to \$10 million as needed to fund future operations and provided that upon the draw of at least \$3 million in the aggregate, the LSA will be collateralized by substantially all of our assets. On February 10, 2025, we modified the LSA, pursuant to the Loan Agreement, which reduced the maximum loan advance to \$3 million, removed all securitization provisions and provides that all rights, remedies and obligations of 22NW, LP pursuant to the LSA have been assigned to 22NW Fund, LP pursuant to the Loan Agreement, such that 22NW Fund, LP and JFL are the lenders pursuant to the Loan Agreement. The outstanding balance of the Loan Agreement will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed there under shall be due and payable on February 10, 2028 (the "Maturity Date"). In addition, the Loan Agreement requires that we issue 0.03 shares of our common stock per dollar loaned under the Loan Agreement, up to a maximum of 90,000 shares (the "Advance Shares"), with a minimum of 50,000 shares being issued in connection with the first advance made pursuant to the Loan Agreement. The Advance Shares shall be issued to the Lenders on a pro rata basis according to the portion of each Advance such Lender funds. As of December 31, 2024, there was no balance outstanding under the LSA and as of the date of the filing of this Quarterly Report on Form 10-Q, there is no balance outstanding under the Loan Agreement.

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

## Cash Flows

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

|   | Six Months Ended December 31, |                |
|---|-------------------------------|----------------|
|   | 2024                          | 2023           |
| Net cash used in operating activities               | \$ (3,095,733)                | \$ (4,540,532) |
| Net cash provided by (used in) financing activities | 15,000,000                    | (62,354)       |
| Net increase (decrease) in cash                     | \$ 11,904,267                 | \$ (4,602,886) |

During the six months ended December 31, 2024, we used cash in operating activities of approximately \$3.1 million primarily resulting from our net loss of \$4.7 million, partially offset by non-cash related stock-based compensation and loan commitment amortization totalling approximately \$1.0 million, and a change in operating assets and liabilities of approximately \$0.6 million. With respect to financing activities, the Company received aggregate gross proceeds from the Private Placement of approximately \$15.0 million.

During the six months ended December 31, 2023, we used cash in operating activities of approximately \$4.5 million primarily resulting from our net loss of \$5.2 million, partially offset by the non-cash related stock-based compensation and loan commitment amortization totalling approximately \$0.5 million, and a change in operating assets and liabilities of approximately \$0.2 million.

## Funding and Material Cash Requirements

We expect that our cash and cash equivalents at December 31, 2024, along with access to the Facility Amount under the Loan Agreement, will enable us to fund our current and planned operating expenses and capital expenditures for at least the next 12 months from the filing of this Quarterly Report. We have based these estimates on assumptions that may prove to be imprecise, and we may exhaust our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our programs, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates.

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

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

Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, to support our material cash requirements in the near-term (within one year) and long-term (beyond one year), we will need to seek additional equity or debt financing or potential collaboration, license or development agreements to provide the capital required to maintain or expand our operations, continue the development of our product candidate, build our sales and marketing capabilities, promote brand identity, develop or acquire complementary technologies, products or businesses, or provide for our working capital requirements and other operating and general corporate purposes. If we raise additional capital by issuing equity securities and/or equity-linked securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. We may also issue equity securities and/or equity-linked securities that provide rights, preferences and privileges senior to those of our common stock. Any additional 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 funds through collaborations, license or development agreements, we may be required to relinquish some rights to our current or future products or revenue streams or grant licenses on terms that are not favorable to us. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of our current or future product candidates and other business.

## Contractual Obligations and Commitments

### License Agreement with Vernalis Development Limited

On May 26, 2020, we entered into an exclusive license agreement (the "License Agreement") with Vernalis Development Limited, formerly 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 selonabant, as well as access to and a right of reference with respect to any regulatory materials under its control. The License Agreement allows us to sublicense the rights thereunder to any person with similar or greater financial resources and expertise without Vernalis' prior consent, provided the proposed sublicensee is not developing or commercializing a product that contains a CB1 antagonist or is for the same indication covered by the trials or market authorization for selonabant. In exchange for the exclusive license, we agreed to pay Vernalis a non-refundable signature fee of \$0.2 million, total potential developmental milestone payments of up to \$29.9 million (of which \$0.4 million has been paid), total potential sales milestone payments of up to \$35.0 million, and low to mid-single digit royalties on net sales.

We have the sole discretion to carry out the development and commercialization of selonabant, including obtaining regulatory approvals, and we are responsible for all costs and expenses in connection therewith. We have access to certain regulatory materials, including study reports from clinical and non-clinical trials, under Vernalis' control. We agreed to use commercially reasonable efforts to (i) develop and commercialize selonabant in the United States and certain European countries and (ii) conduct dose a patient as part of a Phase 2 and human clinical trial within two years of the commencement date of the License Agreement (which obligation we have met), and dose a patient as part of a Pivotal Trial (as such term is defined in the License Agreement) within four years of commencement of the License Agreement, which period was in accordance with the terms of the License Agreement extended for a nominal fee. We also agreed to provide Vernalis with periodic reports of our activities and notice of market authorization within specified timeframes.

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

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

We have a manufacturing agreement with a third-party CMO. The total cost for the current contract is approximately \$3.0 million. The manufacturing aspect of this contract was substantially completed as of June 30, 2024. The stability study aspect of the contract is expected to be fully incurred during calendar 2026.

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

#### **Critical Accounting Estimates**

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

While our significant accounting policies are disclosed in the audited financial statements as of and for the year ended June 30, 2024, and notes thereto, which are included in our 2024 Form 10-K that was filed with the SEC on September 25, 2024, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our condensed financial statements.

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

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

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

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

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

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

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

There were no significant changes to assumptions used to value options using the Black Scholes option pricing model during the three and six months ended December 31, 2024.

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

The Jumpstart Our Business Startups (“JOBS”) Act, enacted in April 2012, permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have and intend to continue to take advantage of all of the reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards, for an emerging growth company under Section 107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under Section 107 of the JOBS Act. See “Risk Factors” in our 2024 Form 10-K and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors.

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

Not required for smaller reporting companies.

### ITEM 4. CONTROLS AND PROCEDURES

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

As of December 31, 2024, management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2024, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

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

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

We are subject to various risks that could have a material adverse impact on our financial position, results of operations or cash flows. Although it is not possible to predict or identify all such risks or uncertainties, they may include, but are not limited to, the factors discussed under “Risk Factors” in Part I, Item 1A of the Company’s 2024 Form 10-K that was filed with the SEC on September 25, 2024. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse impact on our financial position, results of operations or cash flows. Except as set forth below, there have been no other material changes to our risk factors since our aforementioned 2024 Form 10-K.

*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, 2024, we have an accumulated deficit of \$70.1 million, which includes a fair value adjustment of \$26.6 million for warrants converted into Series A preferred stock on a cashless basis in connection with our IPO. The likelihood of our future success must be considered in light of the expenses, difficulties, complications and delays often encountered by companies in clinical development, including in connection with ongoing and future clinical trials and the emergence of competing products or therapies. These potential challenges include unanticipated clinical trial delays, poor data, changes in the regulatory and competitive landscape and additional costs and expenses that may exceed current budget estimates. In order to complete certain clinical trials and otherwise operate pursuant to our current business strategy, we anticipate that we will incur increased operating expenses. In addition, we expect to incur significant losses and experience negative cash flow in the future as we fund our operating losses and capital expenditures. We recognize that if we are unable to generate sufficient revenues or source funding, we will not be able to continue operations as currently contemplated, complete planned clinical trials and/or achieve profitability. Our failure to achieve or maintain profitability will also negatively impact the value of our shares. If we are unsuccessful in addressing these risks, then we may need to curtail our business activities.

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

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

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

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

We may be unable to generate sufficient revenue or cash flow to fund our operations. We expect that our cash and cash equivalents at December 31, 2024, along with access to funding under the Loan Agreement, will enable us to fund our current and planned operating expenses and capital expenditures into the second quarter of calendar year 2026. We have based these estimates on assumptions that may prove to be incorrect, and we may exhaust our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our programs, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidate. Until such time, if ever, as we can generate substantial product revenue from sales of any of our current or future product candidates, we will need to seek additional equity or debt financing or potential collaboration, license or development agreements to provide the capital required to maintain or expand our operations, continue the development of our product candidate, build our sales and marketing capabilities, promote brand identity, develop or acquire complementary technologies, products or businesses, or provide for our working capital requirements and other operating and general corporate purposes.

Other than the Loan Agreement, we currently do not have any arrangements or credit facilities as a source of funds, and we make no assurance that we will be able to raise sufficient additional capital in the future if needed on acceptable terms, or at all. Even if we draw down the entire \$3 million available under the Loan Agreement, we will still require additional funding to fund our planned operations and capital expenditures. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of our current or future product candidates and other business, seek collaborations, or amend existing collaborations, for research and development programs at an earlier stage than otherwise would be desirable or for the development of programs that we otherwise would have sought to develop independently, or on terms that are less favorable than might otherwise be available, dispose of technology assets, or relinquish or license on unfavorable terms, our rights to technologies or any future product candidates that we otherwise would seek to develop or commercialize ourselves, pursue the sale of our company to a third party at a price that may result in a loss on investment for our stockholders, file for bankruptcy or cease operations altogether. This may materially adversely affect our operations and financial condition as well as our ability to achieve business objectives and maintain competitiveness.

If we raise additional capital by issuing equity securities and/or equity-linked securities, the percentage ownership of our existing stockholders may be reduced, and accordingly these stockholders may experience substantial dilution. In addition, the Loan Agreement requires that we issue 0.03 shares of common stock per dollar loaned under the Loan Agreement, which will result in dilution to shareholders. 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.

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

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

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

***Recent changes implemented by the United States government, including changes to grant funding and trade policies, may have an adverse effect on our reputation, business, financial condition and results of operations.***

Changes in U.S. or international social, political, regulatory and economic conditions or in laws and policies governing trade, manufacturing, development and investment in the countries where we currently, or may in the future, conduct our business could adversely affect our business, reputation, financial condition and results of operations. For example, the U.S. government has recently adopted a new policy that would limit National Institutes of Health research funding for “indirect costs” to 15% of grants, which is an important form of funding for medical research at universities, medical schools, research hospitals and other scientific institutions and is significantly below what many institutions have been receiving for indirect costs. While, as of the date of this Quarterly Report, there is a nationwide injunction preventing the policy from taking effect, if this policy, or any other policies related to grant funding, are ultimately put in place, we may be unable to realize all of the benefits of our two-year cooperative grant from the National Institute on Drug Abuse, part of the National Institutes of Health, and the potential to receive future grant funding may be adversely affected.

Changes or proposed changes in U.S. or other countries’ trade policies may result in restrictions and economic disincentives on international trade. The U.S. government has recently imposed, or is currently considering imposing, tariffs on certain trade partners. Tariffs, economic sanctions and other changes in U.S. trade policy have in the past and could in the future trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing retaliatory measures on certain U.S. goods. Further, any emerging protectionist or nationalist trends (whether regulatory- or consumer-driven) either in the United States or in other countries could affect the trade environment. Our business, like many other corporations, would be impacted by changes to the trade policies of the United States and foreign countries (including governmental action related to tariffs, international trade agreements, or economic sanctions). Such changes have the potential to adversely impact the U.S. economy or certain sectors thereof, the global economy, and our industry, and as a result, could have a material adverse effect on our business, financial condition and results of operations.

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

### *Recent Sales of Unregistered Securities*

We did not sell any equity securities during the quarter ended December 31, 2024 in transactions that were not registered under the Securities Act other than as previously disclosed in our other filings with the SEC.

### *Issuer Purchases of Equity Securities*

None.

### *Repurchases*

None.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **ITEM 5. OTHER INFORMATION**

### *Disclosure of Material Event*

On February 10, 2025, we modified the LSA, pursuant to the Loan Agreement, which, among other things, reduced the maximum loan advance to \$3 million, removed all securitization provisions and provides that all of 22NW's right, title, and interest in and to the LSA and the Loan Agreement and all rights, remedies and obligations of 22NW pursuant to the LSA and the Loan Agreement to 22NW Fund. The outstanding balance will accrue interest at 0.25% per annum and no fee will be assessed on the unused balance. The Loan Agreement will terminate and all outstanding principal drawn and interest accrued owed there under shall be due and payable on February 10, 2028. In addition, the Loan Agreement requires that we issue 0.03 shares of common stock per dollar loaned under the Loan Agreement, up to a maximum of 90,000 shares, with a minimum of 50,000 shares being issued in connection with the first advance made pursuant to the Loan Agreement. As of December 31, 2024, there was no balance outstanding under the LSA and as of February 14, 2025 there is no balance outstanding under the Loan Agreement.

### *Insider Trading Arrangements*

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

| <b>Exhibit Number</b> | <b>Description</b>   |
|-----------------------|--|
| 3.1                   | <a href="#"><u>Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K, filed with the SEC on September 9, 2022).</u></a>  |
| 3.2                   | <a href="#"><u>Certificate of Correction to Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K, filed with the SEC on September 9, 2022).</u></a>                             |
| 3.3                   | <a href="#"><u>Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 21, 2023).</u></a>                          |
| 3.4                   | <a href="#"><u>Amended and Restated Bylaws of Anebulo Pharmaceuticals, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 13, 2022).</u></a>  |
| 10.1                  | <a href="#"><u>Form of Securities Purchase Agreement, dated December 23, 2024, by and between the Company and the purchasers listed on the signature page thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on December 23, 2024).</u></a> |
| 10.2*                 | <a href="#"><u>Amended and Restated Loan Agreement</u></a>   |
| 31.1*                 | <a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>   |
| 31.2*                 | <a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>   |
| 32.1*                 | <a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>   |
| 101.INS               | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.   |
| 101.SCH               | Inline XBRL Taxonomy Extension Schema Document   |
| 101.CAL               | Inline XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.DEF               | Inline XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB               | Inline XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE               | Inline XBRL Taxonomy Extension Presentation Linkbase Document  |
| 104                   | Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.   |

\* Filed herewith.

† Compensatory plan or management contract.

# 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.

**SIGNATURES**

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

**ANEBULO PHARMACEUTICALS, INC.**

Date: February 14, 2025

By: /s/ Richard Anthony Cunningham

Richard Anthony Cunningham  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 14, 2025

By: /s/ Daniel George

Daniel George  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**AMENDED AND RESTATED LOAN AGREEMENT**

**THIS AMENDED AND RESTATED LOAN AGREEMENT** (this “**Agreement**”) is dated as of February 10, 2025 (the “**Effective Date**”) among (a) **22NW, LP** (“**22NW**”), in its capacity as the administrative agent and collateral agent (“**Agent**”) pursuant to the Prior Agreement (defined below), (b) 22NW, LP, as a lender pursuant to the Prior Agreement and as assignor of all right, title and interest in and to the Prior Agreement and this Agreement to 22NW Fund, LP, (c) **JFL Capital Management LLC** (“**JFL**”) as a lender pursuant to the Prior Agreement as well as this Agreement, (d) 22NW Fund, LP (“**22NW Fund**”), as a lender pursuant to this Agreement, as assignee of 22NW’s right, title and interest in and to the Prior Agreement and this Agreement (22NW Fund, in its capacity as a lender hereunder, JFL and each of the other “**Lenders**” from time to time party hereto are referred to herein collectively as the “**Lenders**” and each individually as a “**Lender**”), and (e) **Anebulo Pharmaceuticals, Inc.**, a Delaware corporation (the “**Borrower**”), which Agreement replaces and supersedes the Loan and Security Agreement among the 22NW, JFL, Agent and the Borrower, dated November 13, 2023 (the “**Prior Agreement**”). The parties agree as follows:

**1 ASSIGNMENT**

22NW, as assignor, hereby assigns to 22NW Fund, as assignee, all of 22NW’s right, title, and interest in and to the Prior Agreement and this Agreement and all rights, remedies and obligations of 22NW pursuant to the Prior Agreement and this Agreement, including its role as Agent pursuant to the Prior Agreement and this Agreement, are hereby assigned to 22NW Fund and 22NW Fund, as assignee, hereby acknowledges and accepts such assignment from 22NW, as assignor.

**2 LOAN AND TERMS OF PAYMENT**

**2.1 Advances.**

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

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

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

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

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

**2.2 Payment of Interest on the Advances.**

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

(b) Interest Rate. The outstanding principal amount of any Advance shall accrue interest at a rate per annum equal to 0.25%. Interest shall be computed on the basis of the actual number of days elapsed and a 365 or 366-day year, as applicable, for any Advance outstanding. In computing interest, the date of the making of any Advance shall be included and the date of payment shall also be included; provided, however, that if any Advance is repaid on the same day on which it is made, such day shall be included only once in computing interest on such Advance.

**2.3 Lender’s Expenses.** The Borrower will reimburse Lenders’ Expenses incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Agent or any Lender to whom such Lenders’ Expenses are owed). Notwithstanding the foregoing, the Borrower’s reimbursement obligation with respect to Lenders’ Expenses incurred prior to the Effective Date will not exceed \$10,000.

## 2.4 Grant of Common Stock.

2.4.1 Initial Grant. Upon effectiveness of the Prior Agreement, the Borrower issued 300,000 shares of common stock of the Borrower (“**Common Stock**”) to 22NW Fund.

2.4.2 First Advance Share Issuance. In connection with the first Advance made pursuant to this Agreement, Borrower shall issue to each Lender, such Lender’s Pro Rata Share of the First Advance Share Issuance, as hereinafter defined. For purposes of Section 2.4, (a) “**Pro Rata Share**” shall mean, with respect to each Lender, the percentage determined by dividing the amount of the first Advance provided by such Lender by the total amount provided by all Lenders in the first Advance; and (b) “**First Advance Share Issuance**” shall mean the number of shares of Common Stock (“**Shares**”) equal to the greater of (i) 50,000 Shares and (ii) the total amount of the first Advance multiplied by 0.03, rounded up or down to the nearest whole number of Shares. For example, if the first Advance is \$2,000,000, funded \$1,000,000 by 22NW Fund and \$1,000,000 by JFL, then the First Advance Share Issuance would be 60,000 Shares with 30,000 Shares issued to 22NW Fund and 30,000 Shares issued to JFL.

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

2.4.4 Maximum Advance Share Issuance. Notwithstanding Sections 2.4.2 and 2.4.3 to the contrary, the maximum aggregate number of Shares to be issued in connection with the Advance Share Issuances shall not exceed 90,000 Shares.

### 2.4.4 Issuance Matters.

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

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

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

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

## 2.5 Payments; Pro Rata Treatment; Application of Payments.

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

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

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

## **2.6 Procedures for Borrowing.**

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

(b) **Pro Rata Shares; Commitment.** With respect to each Advance, JFL shall have the right, but not the obligation, to fund 50% of such Advance. Following Borrower's request for any Advance in accordance with the preceding [Section 2.6\(a\)](#), JFL shall notify 22NW Fund and the Borrower in writing of whether it will participate pursuant to this [Section 2.6\(b\)](#) within one Business Day. Such notice shall be irrevocable. In the event JFL does not elect to participate in the funding of any Advance pursuant to this [Section 2.6\(b\)](#), 22NW Fund will fund 100% of such Advance.

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

**3 COVENANTS.** If an Advance is outstanding, until all Obligations have been paid in full, Borrower agrees that, unless at any time Required Lenders shall otherwise consent in writing: Borrower will promptly furnish to Lenders when available and in any event within 30 days after the end of each calendar month (except that such period shall be within 45 days after the end of such calendar month that is the last month of a calendar quarter), a consolidated balance sheet of the Borrower and its Subsidiaries (if any), together with statements of earnings and cash flows for such calendar month.

## **4 EVENTS OF DEFAULT**

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

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

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

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

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

## **5 RIGHTS AND REMEDIES**

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

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

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

(c) exercise all rights and remedies available to Agent and the Lenders at law or equity, including all remedies provided under the Code or any Applicable Law.



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

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

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

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

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

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

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

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

## **9 ACCOUNTING TERMS AND OTHER DEFINITIONS**

### **9.1 Accounting and Other Terms.**

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

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

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

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

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

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

“**Agent**” is defined in the preamble hereof.

“**Agreement**” is defined in the preamble hereof.

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

“**Availability Amount**” is \$3,000,000.

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

“**Code**” means the New York Uniform Commercial Code.

“**Effective Date**” is defined in the preamble hereto.

“**Event of Default**” is defined in Section 4.

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

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

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

“**Information**” is defined in Section 8.6.

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

“**Lender**” and “**Lenders**” is defined in the preamble.

“**Lender Entities**” is defined in Section 8.6.

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

“**Maturity Date**” means the third anniversary of the Effective Date.

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

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

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

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

“**Representatives**” is defined in Section 8.6.

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

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

*[Signature page follows]*

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

ASSIGNOR:

**22 NW, LP**, as Assignor

By: 22NW GP, Inc., its General Partner

By: /s/ Aron English

Name: Aron English

Title: President and Sole Shareholder

ASSIGNEE:

**22NW FUND, LP**, as Assignee

By: 22NW Fund GP, LLC, its General Partner

By: /s/ Aron English

Name: Aron English

Title: Manager

BORROWER:

**ANEBULO PHARMACEUTICALS, INC.**

By: /s/ Richie Cunningham

Name: Richie Cunningham

Title: Chief Executive Officer

LENDERS:

**22NW FUND, LP**, as Lender

By: 22NW Fund GP, LLC, its General Partner

By: /s/ Aron English

Name: Aron English

Title: Manager

AGENT:

**22NW FUND, LP**, as Agent

By: 22NW Fund GP, LLC, its General Partner

By: /s/ Aron English

Name: Aron English

Title: Manager

**JFL Capital Management LLC**, as Lender

By: /s/ Joseph Lawler

Name: Joseph Lawler

Title: Managing Member

**EXHIBIT A**  
**ADVANCE REQUEST FORM**

**Advance Request**

TO: 22NW Fund, LP, as Agent, 22NW Fund, LP, as a Lender, and JFL Capital Management LLC, as a Lender

[DATE]

The undersigned, being a Responsible Officer of **ANEBULO PHARMACEUTICALS, INC.**, a Delaware corporation (“**Borrower**”), in connection with that certain Amended and Restated Loan Agreement dated as of January , 2025, by and among Borrower, Agent and the Lenders from time to time party thereto (the “**Loan Agreement**”; with capitalized terms used herein having the meanings ascribed thereto in the Loan Agreement), does hereby request an Advance in the amount of \$[\_\_\_\_], to be disbursed as follows:

[WIRE INSTRUCTIONS].

Sincerely,

**ANEBULO PHARMACEUTICALS, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

I, Richard Anthony Cunningham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended December 31, 2024 of Anebulo Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2025

By: /s/ Richard Anthony Cunningham  
Richard Anthony Cunningham  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Daniel George, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended December 31, 2024 of Anebulo Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14 , 2025

By: /s/ Daniel George  
Daniel George  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report on Form 10-Q of Anebulo Pharmaceuticals, Inc. (the "Company") for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, that to their knowledge:

(1) The Quarterly Report on Form 10-Q for the period ended December 31, 2024 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: February 14, 2025

By /s/ Richard Anthony Cunningham  
Richard Anthony Cunningham  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 14, 2025

By /s/ Daniel George  
Daniel George  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Anebulo Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

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