

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

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

For the quarterly period ended **June 30, 2023**

OR

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

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

Commission file number **000-15327**

**LadRx Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**58-1642740**

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

**11726 San Vicente Blvd., Suite 650  
Los Angeles, CA**

(Address of principal executive offices)

**90049**

(Zip Code)

**(310) 826-5648**

(Registrant's telephone number, including area code)

N/A

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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   
Emerging growth company

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

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

Number of shares of common stock of LadRx Corporation, \$0.001 par value, outstanding as of August 14, 2023: 495,092 shares.

LADRX CORPORATION

FORM 10-Q

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### ***Forward Looking Statements***

All statements in this Quarterly Report on Form 10Q (this “Quarterly Report”), including statements in this section, other than statements of historical fact are forward-looking statements, including statements of our current views with respect to the recent developments regarding our business strategy, business plan and research and development activities, our future financial results, and other future events. These statements include forward-looking statements both with respect to us, specifically, and the biotechnology industry, in general. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “expects,” “plans,” “anticipates,” “estimates,” “potential” or “could” or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements.

All forward-looking statements involve inherent risks and uncertainties, and there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the factors discussed in this section and under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 (the “Annual Report”), which should be reviewed carefully. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we anticipate. Please consider our forward-looking statements in light of those risks as you read this Quarterly Report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

### ***Note Regarding Company References***

References throughout this Quarterly Report, the “Company”, “LadRx”, “we”, “us”, and “our”, except where the context requires otherwise, refer to LadRx Corporation and its subsidiary.

**PART I — FINANCIAL INFORMATION**

**Item 1. — Condensed Consolidated Financial Statements**

**LDRX CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,603,307	\$ 1,374,992
Prepaid expenses and other current assets	233,591	628,745
Total current assets	3,836,898	2,003,737
Equipment and furnishings, net	12,628	18,546
Other assets	7,703	7,703
Operating lease right-of-use assets	125,056	216,786
Total assets	\$ 3,982,285	\$ 2,246,772
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 1,050,687	\$ 975,944
Accrued expenses and other current liabilities	1,017,200	1,015,501
Current portion of operating lease liabilities	133,019	196,081
Total current liabilities	2,200,906	2,187,526
Operating lease liabilities, net of current portion	—	33,526
Total Liabilities	2,200,906	2,221,052
Preferred Stock, Series C 10% Convertible, \$1,000 par value, 0 and 2,752 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	—	1,343,684
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred Stock, \$0.01 par value, 833,333 shares authorized, including 50,000 shares of Series B Junior Participating Preferred Stock; no shares issued and outstanding	—	—
Common stock, \$0.001 par value, 62,393,940 shares authorized 495,092 and 450,374 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	495	450
Additional paid-in capital	488,612,890	487,519,251
Accumulated deficit	(486,832,006)	(488,837,665)
Total stockholders' equity (deficit)	1,781,379	(1,317,964)
Total liabilities and stockholders' equity (deficit)	\$ 3,982,285	\$ 2,246,772

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

**LADRX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenue:</b>				
Licensing revenue	\$ —	\$ —	\$ —	\$ —
<b>Expenses:</b>				
General and administrative	1,021,166	1,148,037	2,101,204	2,442,754
Loss from operations	(1,021,166)	(1,148,037)	(2,101,204)	(2,442,754)
<b>Other income (loss):</b>				
Interest income	2,831	1,002	7,098	1,855
Forgiveness of accounts payable	—	353,565	—	353,565
Sale of royalty and milestone rights, net of transaction costs	4,167,219		4,167,219	
Other income (loss), net	82	(306)	1,355	(2,353)
Net income (loss)	\$ 3,148,966	\$ (793,776)	\$ 2,074,468	\$ (2,089,687)
Dividends paid on preferred shares	—	(202,567)	(68,809)	(408,567)
Net income (loss) attributable to common stockholders	\$ 3,148,966	\$ (996,343)	\$ 2,005,659	\$ (2,498,254)
Total basic and diluted income (loss) per share	\$ 6.45	\$ (2.25)	\$ 4.31	\$ (5.99)
Basic and diluted weighted-average shares outstanding	488,398	443,201	481,142	416,913

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

**LADRX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net income (loss) from operations	\$ 2,074,468	\$ (2,089,687)
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities:</b>		
Depreciation and amortization	5,918	7,490
Stock-based compensation expense	—	6,104
<b>Changes in assets and liabilities:</b>		
Insurance claim receivable	—	100,000
Prepaid expenses and other current assets	395,154	831,328
Other assets	—	9,133
Amortization of right-of-use asset	91,730	90,301
Accounts payable	74,742	(260,285)
Decrease in lease liabilities	(96,588)	(92,870)
Accrued expenses and other current liabilities	1,700	(849,939)
Net cash provided by (used in) operating activities	<u>2,547,124</u>	<u>(2,248,425)</u>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	—	(766)
Net cash used in investing activities	<u>—</u>	<u>(766)</u>
<b>Cash flows from financing activities:</b>		
Preferred stock dividend	(68,809)	(408,567)
Purchase of preferred investment option	(250,000)	—
Net cash used in financing activities	<u>(318,809)</u>	<u>(408,567)</u>
Net increase (decrease) in cash and cash equivalents	2,228,315	(2,657,758)
Cash and cash equivalents at beginning of period	1,374,992	6,769,603
Cash and cash equivalents at end of period	<u>\$ 3,603,307</u>	<u>\$ 4,111,845</u>
<b>Supplemental disclosure of Cash Flow Information:</b>		
Conversion of Series C 10% Convertible Preferred Stock to Common Stock	<u>\$ 1,343,684</u>	<u>\$ 2,679,019</u>

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

**LADRX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
(Unaudited)

**For the Six Month Period Ended June 30, 2023**

	<b>Series B Preferred Shares Issued</b>	<b>Common Shares Issued</b>	<b>Common Stock Amount</b>	<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance at January 1, 2023	—	450,374	\$ 450	\$ 487,519,251	\$ (488,837,665)	\$ (1,317,964)
1-100 Reverse stock split fractional shares		13,191	13	(13)		—
Issuance of common stock		250	1	(1)		—
Conversion of preferred shares		15,250	15	655,139		655,154
Preferred dividend					(68,809)	(68,809)
Net loss					(1,074,498)	(1,074,498)
Balance at March 31, 2023	<u>—</u>	<u>479,065</u>	<u>\$ 479</u>	<u>\$ 488,174,376</u>	<u>\$ (489,980,972)</u>	<u>\$ (1,806,117)</u>
Conversion of preferred shares		16,027	16	688,514		688,530
Payment to redeem investment option				(250,000)		(250,000)
Net income					3,148,966	3,148,966
Balance at June 30, 2023	<u>—</u>	<u>495,092</u>	<u>\$ 495</u>	<u>\$ 488,612,890</u>	<u>\$ (486,832,006)</u>	<u>\$ 1,781,379</u>

**For the Six Month Period Ended June 30, 2022**

	<b>Series B Preferred Shares Issued</b>	<b>Common Shares Issued</b>	<b>Common Stock Amount</b>	<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance at January 1, 2022	—	387,800	\$ 388	\$ 484,829,042	\$ (484,075,711)	\$ 753,719
Exercise of stock options		214				—
Conversion of preferred shares		46,819	47	2,011,304		2,011,351
Preferred dividend					(206,000)	(206,000)
Issuance of restricted stock for compensation				3,299		3,299
Net loss					(1,295,911)	(1,295,911)
Balance at March 31, 2022	<u>—</u>	<u>434,833</u>	<u>\$ 435</u>	<u>\$ 486,843,645</u>	<u>\$ (485,577,622)</u>	<u>\$ 1,266,458</u>
Conversion of preferred shares		15,541	15	667,653		667,668
Preferred dividend					(202,567)	(202,567)
Issuance of restricted stock for compensation				2,805		2,805
Net loss					(793,776)	(793,776)
Balance at June 30, 2022	<u>—</u>	<u>450,374</u>	<u>\$ 450</u>	<u>\$ 487,514,103</u>	<u>\$ (486,573,965)</u>	<u>\$ 940,588</u>

**LADRX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Six-Months Period Ended June 30, 2023 and 2022**  
**(Unaudited)**

**1. Basis of Presentation and Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

The accompanying condensed consolidated financial statements at June 30, 2023 and for the three-month and six-month periods ended June 30, 2023 and 2022, respectively, are unaudited, but include all adjustments, consisting of normal recurring entries, that management believes to be necessary for a fair presentation of the periods presented. Interim results are not necessarily indicative of results for a full year. Balance sheet amounts as of December 31, 2022 were derived from our audited financial statements as of that date.

The consolidated financial statements included herein have been prepared by us 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 accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The consolidated financial statements should be read in conjunction with our audited consolidated financial statements contained in the 2022 Annual Report.

***Change in Company Name***

Effective September 26, 2022, the Company changed its name from CytRx Corporation to LadRx Corporation pursuant to a Certificate of Amendment to our Certificate of Incorporation filed with the Secretary of State of Delaware. In accordance with the General Corporation Law of the State of Delaware (the "DGCL"), its board of directors approved the name change and the Certificate of Amendment. Pursuant to Section 242(b)(1) of the DGCL, stockholder approval was not required for the name change or the Certificate of Amendment.

***Reverse Stock Split***

The Company effected a 1-for-100 reverse stock split (the "Reverse Stock Split") of its issued and outstanding shares of common stock on May 17, 2023, pursuant to which every 100 shares of the Company's issued and outstanding shares of common stock were converted into one share of common stock without any change in the par value per share. Any fraction of a share of common stock that would otherwise have resulted from the Reverse Stock Split were rounded up to the nearest whole share. All share and per share amounts in the accompanying financial statements have been adjusted to reflect the reverse stock split as if it had occurred at the beginning of the earliest period presented.

***Going Concern***

The Company's condensed consolidated financial statements have been presented on the basis that it will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. During the six months ended June 30, 2023, although the Company realized a net income of \$2,074,468, it had a loss from operations of \$2,101,204 and had an accumulated deficit of \$486,832,006 as of June 30, 2023. In addition, the Company has no recurring revenue. As a result, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern. The Company's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company's independent registered public accounting firm, in its report on the Company's consolidated financial statements for the year ended December 31, 2022, has also expressed substantial doubt about the Company's ability to continue as a going concern.

At June 30, 2023, we had cash and cash equivalents and short-term investments of approximately \$3.6 million. We believe we have sufficient cash to fund operations through the next twelve months. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary debt or equity financing to continue operations until it begins generating positive cash flow. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case or equity financing.



### Use of Estimates

Preparation of the Company's condensed consolidated financial statements in conformance with U.S. GAAP requires the Company's management to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the Company's condensed consolidated financial statements and accompanying notes. The significant estimates in the Company's condensed consolidated financial statements relate to the valuation of equity awards, recoverability of deferred tax assets, and estimated useful lives of fixed assets. The Company bases estimates and assumptions on historical experience, when available, and on various factors that it believes to be reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis, and its actual results may differ from estimates made under different assumptions or conditions.

### Stock Compensation

The Company accounts for share-based awards to employees and nonemployees directors and consultants in accordance with the provisions of ASC 718, *Compensation—Stock Compensation*, and under the recently issued guidance following FASB's pronouncement, ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. Under ASC 718, and applicable updates adopted, share-based awards are valued at fair value on the date of grant and that fair value is recognized over the requisite service, or vesting, period. The Company values its equity awards using the Black-Scholes option pricing model, and accounts for forfeitures when they occur.

### Basic and Diluted Net Income (Loss) Per Common Share

Basic and diluted net loss per common share is computed based on the weighted-average number of common shares outstanding for the period. Diluted net income (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued using the treasury stock method. Potential common shares are excluded from the computation when their effect is antidilutive. Common share equivalents that could potentially dilute net loss per share in the future, and which were excluded from the computation of diluted loss per share, were as follows:

	As of June 30,	
	2023	2022
Options to acquire common stock	15,647	18,477
Warrants to acquire common stock	42	42
Series C 10% Convertible Preferred Stock	—	31,277
Preferred Investment Option	—	113,637
	<u>15,689</u>	<u>163,433</u>

### Fair Value Measurements

Assets and liabilities recorded at fair value on the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure the fair value. Level inputs are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – other significant observable inputs for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – significant unobservable inputs that reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

We consider carrying amounts of accounts receivable, accounts payable and accrued expenses to approximate fair value due to the short-term nature of these financial instruments. Our non-financial assets are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized.

### **Recently Issued Accounting Pronouncements**

In June 2016, the FASB issued ASU No. 2016-13, Credit Losses - Measurement of Credit Losses on Financial Instruments ("ASC 326"). The standard significantly changes how entities will measure credit losses for most financial assets, including accounts and notes receivables. The standard will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The standard is effective for interim and annual reporting periods beginning after December 15, 2022. The adoption of ASU 2016-13 did not have a material impact on the Company's financial position, results of operations, and cash flows.

Other recent authoritative guidance issued by the FASB (including technical corrections to the ASC), the American Institute of Certified Public Accountants, and the SEC did not, or are not expected to, have a material impact on the Company's condensed consolidated financial statements and related disclosures.

### **2. Financing Under Securities Purchase Agreement**

On July 13, 2021, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a single institutional investor (the "Investor") for aggregate gross proceeds of \$10 million and net proceeds of approximately \$9.2 million. The transaction closed on July 16, 2021. Under the Purchase Agreement, the Company sold and issued (i) 20,000 shares of its common stock at a purchase price of \$88.00 per share for total gross proceeds of approximately \$1.76 million in a registered direct offering (the "Registered Direct Offering") and (ii) 8,240 shares of Series C 10.00% Convertible Preferred Stock (the "Series C Preferred Stock") at a purchase price of \$1,000 per share, for aggregate gross proceeds of approximately \$8.24 million, in a concurrent private placement (the "Private Placement" and, together with the Registered Direct Offering, the "July 2021 Offerings"). The shares of the Series C Preferred Stock were convertible, upon shareholder approval as described below, into an aggregate of up to 93,637 shares of common stock at a conversion price of \$88.00 per share. Holders of the Series C Preferred Stock were entitled to receive, cumulative dividends at the rate per share (as a percentage of the stated value per share) of 10.00% per annum, payable quarterly on January 1, April 1, July 1 and October 1, beginning on the first such date after the date of issuance. The terms of the Series C Preferred Stock included beneficial ownership limitations that preclude conversion that would result in the Investor owning in excess of 9.99% of the Company's outstanding shares of common stock. LadRx also issued to the Investor an unregistered Preferred Investment Option ("PIO") that prior to redemption and cancellation of the PIO on June 29, 2023 (as described herein) allowed for the purchase of up to 113,637 shares of common stock for additional gross proceeds of approximately \$10 million if the PIO was exercised in full. The exercise price for the PIO was \$88.00 per share. The PIO had a term equal to five and one-half years commencing upon the Company increasing its authorized common stock following shareholder approval.

The Company accounted for these transactions as a single transaction for accounting purposes and allocated total proceeds to the respective instruments based upon the relative fair value of each instrument. The Company determined that the relative fair value of (i) the 20,000 shares of the common stock issued was \$859,218, (ii) the relative fair value of the 8,240 shares of Series C Preferred Stock was \$4,022,700, and (iii) the relative fair value of the PIO was \$4,293,872 based upon a Black Scholes valuation model. As such, the Company recorded as Additional Paid in Capital the fair value of the common stock and PIO of \$5,153,090, and the fair value of the Series C Preferred Stock was \$4,022,700 which was reflected as mezzanine equity due to certain clauses of the Purchase Agreement.

In 2022, the Company paid the following dividends: on January 1, 2022, \$206,000, on April 1, 2022, \$202,567, on July 1, 2022, \$84,005 and on October 1, 2022, \$68,809 for a total of \$561,381. On January 3, 2023, the Company paid a dividend of \$68,809.

On March 15, 2022, at a special meeting of its stockholders which was originally opened and subsequently adjourned on September 23, 2021, the Company's stockholders, by an affirmative vote of the majority of the Company's outstanding shares of capital stock, approved the amendment to the Company's Restated Certificate of Incorporation to effect an increase in the number of shares of authorized common stock, par value \$0.001 per share, from 41,666,666 shares to 62,393,940 shares, and to make a corresponding change to the number of authorized shares of capital stock in order to comply with the Company's contractual obligations under the Purchase Agreement.

On March 28, 2022, the Investor converted 4,120 shares of the Series C Preferred Stock in accordance with the initial terms of the agreement and received 46,818 shares of common shares. On May 15, 2022, the Investor converted a further 1,368 shares of the Series C Preferred Stock and received 15,541 shares of common shares, resulting in 2,742 shares of common stock outstanding at December 31, 2022. On January 31, 2023, the Investor converted a further 1,342 shares of Series C Preferred Stock for 15,250 shares of common share and on May 8, 2023, the Investor converted its remaining shares of Series C Preferred Shares for 16,027 shares of common stock. As of June 30, 2023, there are no shares of Series C Preferred Stock issued and outstanding.

### *Terms of Series C Preferred Stock*

Under the Certificate of the Designations, Powers, Preferences and Rights of Series C 10.00% Convertible Preferred Stock (the “Certificate of Designations”), each share of Series C Preferred Stock was convertible, subject to the Beneficial Ownership Limitation (as defined below), at either the holder’s option or at the Company’s option (a “Company Initiated Conversion”) at any time following stockholder approval having been obtained to amend our Restated Certificate of Incorporation to increase the number of authorized shares of common stock above 41,666,666 (the “Stockholder Approval”), into common stock at a conversion rate equal to the quotient of (i) the Series C Stated Value of \$1,000 (the “Series C Stated Value”) plus, in the case of a Company initiated conversion, all accrued and accumulated and unpaid dividends on such share of Series C Preferred Stock, divided by (ii) the initial conversion price of \$0.88, subject to specified adjustments for stock splits, stock dividends, reclassifications or other similar events as set forth in the Certificate of Designations.

The Certificate of Designations contains limitations that prevent the holder thereof from acquiring shares of common stock upon conversion that would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 9.99% of the total number of shares of common stock outstanding immediately after giving effect to the conversion (the “Beneficial Ownership Limitation”), except that upon notice from the holder to the Company, the holder may increase or decrease the amount of ownership of outstanding shares of common stock after converting the holder’s shares of Series C Preferred Stock, provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of outstanding shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the shares of Series C Preferred Stock held by the holder and provided that any increase in the Beneficial Ownership Limitation shall not be effective until 61 days following notice to the Company.

Each holder of shares of Series C Preferred Stock was entitled to receive dividends, commencing from the date of issuance of the shares of Series C Preferred Stock. Such dividends may be paid only when, as and if declared by the Board of Directors of the Company (the “Board”), out of assets legally available therefore, quarterly in arrears on the first day of January, April, July and October in each year, commencing on the date of issuance, at the dividend rate of 10.00% per year. Such dividends are cumulative and continue to accrue on a daily basis whether or not declared and whether or not we have assets legally available therefore.

### *Terms of Preferred Investment Option*

Prior to the redemption and cancelation of the PIO on June 29, 2023, the PIO to purchase up to 113,637 shares of common stock was exercisable at a price of \$88.00 per share. The PIO had a term of five and one-half years from the Authorized Share Increase Date. The holders of the PIO were able to exercise the PIO on a cashless basis, solely to the extent there was no effective registration statement registering, or the prospectus in such registration statement was not available for the resale of the shares of common stock issuable at the time of exercise. The Company was prohibited from effecting an exercise of any PIO to the extent that such exercise would result in the number of shares of common stock beneficially owned by such holder and its affiliates exceeding 9.99% of the total number of shares of common stock outstanding immediately after giving effect to the exercise of the PIO by the Investor (the “PIO Beneficial Ownership Limitation”), except that upon notice from the holder to the Company, the holder may increase or decrease the amount of ownership of outstanding shares of Common Stock after exercising the holder’s PIO, provided that the PIO Beneficial Ownership Limitation in no event exceeded 9.99% of the number of outstanding shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of common stock upon exercise of the PIO held by the holder and provided that any increase in the PIO Beneficial Ownership Limitation shall not be effective until 61 days following notice to the Company. The PIO provided for a Black-Scholes payout upon certain fundamental change transactions relating to the Company, as specified therein. If the fundamental change transaction was within the control of the Company, the payout would have been payable in cash. Otherwise, the payout would have been in the same form of consideration received by the common stockholders as a result of this transaction.

### *Redemption of Preferred Investment Option*

On June 29, 2023 (the Redemption Date”), the Company entered into a Preferred Investment Option Redemption Agreement (the “Redemption Agreement”) with the Investor in connection with the PIO. As of the Redemption Date and pursuant to the Redemption Agreement, as complete and full consideration for the assignment, transfer, conveyance, delivery and relinquishment of the Investor’s right, title and interest in and to the PIO, the Company made a cash payment of \$250,000 to the Investor. The Investor and the Company also executed a general release of any and all claims, demands, damages, liabilities, obligations, debts or causes of action, effective as of the Redemption Date.

### *Registration Rights Agreement*

In connection with the July 2021 Offerings, the Company entered into a registration rights agreement, dated as of July 13, 2021 (the “Registration Rights Agreement”), with the investor named therein, pursuant to which the Company will undertake to file, within five calendar days of the date of the filing of the proxy statement seeking the Stockholder Approval, a resale registration statement to register the shares of common stock issuable upon: (i) the conversion of the Series C Preferred Stock sold in the Private Placement and (ii) the exercise of the Preferred Investment Option (the “Registrable Securities”); and to cause such registration statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than 75 days following the pricing date of this offering, or no later than 105 days following such date in the event of a “full review” by the SEC, and shall use its reasonable best efforts to keep such registration statement continuously effective under the Securities Act until the date that all Registrable Securities covered by such registration statement have been sold or are otherwise able to be sold pursuant to Rule 144. The Registration Rights Agreement provides for liquidated damages to the extent that the Company does not file or maintain a registration statement in accordance with the terms thereof. The Registration Rights Agreement entered into between us and the Investor on July 13, 2021, contains a triggering event which would require us to pay to any holder of the Series C Preferred Stock an amount in cash, as partial liquidated damages and not as a penalty, on a monthly basis equal to the product of 2.0% multiplied by the aggregate subscription amount paid by such holder for shares of Series C Preferred Stock pursuant to the Purchase Agreement; provided, however, that such partial liquidated damages shall not exceed 24% of the aggregate subscription amounts paid by such holders pursuant to the Purchase Agreement, or \$1,977,600. If we fail to pay any partial liquidated damages within seven days after the date payable, we will be required to pay interest on any such amounts at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law.

During the year ended December 31, 2021, the Company did not have enough shares of authorized common stock to issue the shares of common stock issuable upon the exercise or conversion of the Series C Preferred Stock and the PIO, as applicable. For the year ended December 31, 2021, the Company attempted, but was unsuccessful, obtaining its stockholders’ approval for the increase in its shares of authorized common stock at a special meeting that was originally commenced and was subsequently adjourned on September 23, 2021, and accordingly, the Company was unable to meet its registration rights obligation as of December 31, 2021. As such, the Company recognized an aggregate of approximately \$1.1 million in liquidated damages during the year ended December 31, 2021, of which includes a provision of \$615,123 as an accrual for estimated damages until stockholders’ approval was achieved and the registration statement registering the shares of common stock issuable upon the exercise or conversion, as applicable, of the Series C Preferred Stock and the PIO was filed. On March 15, 2022, the Company received its stockholders’ approval to increase its authorized shares and filed a Certificate of Amendment to its Restated Certificate of Incorporation to increase the number of authorized shares from 41,666,666 shares to 63,227,273 shares on the same date. The Company filed its registration statement registering the shares of common stock issuable upon the conversion or exercise of the Series C Preferred Stock and the PIO, as applicable, on March 23, 2022 and provided for liquidated damages through that date. As of June 30, 2023, all liquidated damages had been paid and the Company no longer has any liabilities related to the Registration Rights Agreement.

### **3. Financing Transactions**

#### *Royalty Purchase Agreement with XOMA*

On June 21, 2023, the Company, entered into (i) a Royalty Purchase Agreement (the “Royalty Agreement”) with XOMA (US) LLC (“XOMA”), for the sale, transfer, assignment and conveyance of the Company’s right, title and interest in and to certain royalty payments and milestone payments with respect to aldorubicin, and (ii) an Assignment and Assumption Agreement (the “Assignment Agreement”) with XOMA for the sale, transfer, assignment and conveyance of the Company’s right, title and interest in the Asset Purchase Agreement (the “2011 Arimoclomol Agreement”) between the Company and Orphazyme ApS (“Orphazyme”), dated as of May 13, 2011, and assigned to Zevra Denmark A/S (“Zevra”), effective as of June 1, 2022, which includes certain royalty and milestone payments with respect to arimoclomol. The combined aggregate purchase price paid to the Company for the sale, transfer, assignment and conveyance of the Company’s right, title and interest in and to aldorubicin and arimoclomol was \$5 million, less certain transaction fees and expenses.

The agreement also provided up to an additional \$6 million based on regulatory and commercial milestones related to the development of arimoclomol and aldorubicin by their respective sponsors, Zevra, Inc. and Immunity Bio, Inc. The \$6 million in potential post-closing payments is composed of \$1 million upon acceptance by the Food and Drug Administration (“FDA”) of the arimoclomol New Drug Application (“NDA”), \$1 million upon first commercial sale of arimoclomol, and \$4 million upon FDA approval of aldorubicin. All royalty and milestone payments made to XOMA will be net of the existing licensing and milestone obligations owed by LadRx related to arimoclomol and aldorubicin.

Pursuant to the Royalty Agreement, the Company agreed to sell, transfer, assign and convey to XOMA, among other payments, all royalty payments and regulatory and commercial milestone payments payable to the Company pursuant to the worldwide license agreement, dated July 27, 2017, by and between the Company and Immunity Bio, Inc. (formerly known as NantCell, Inc.). The Royalty Agreement also provides for the sharing of certain rights with XOMA to bring any action, demand, proceeding or claim as related to receiving such payments.

Management determined that the Agreement is not considered to be with a customer, and it does not fall within the scope of ASC 606. Instead, the Agreement represents an in-substance sale of nonfinancial assets, and, therefore, should be accounted for within the scope of ASC 610-20. As such, the Company recognized such net proceeds as other income in the accompanying statement of operations.

#### 4. Leases

We lease office space and office copiers related primarily to the administrative activities. The Company accounts for leases under ASC 842, *Leases*, which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases.

In January 2020, the Company signed a new four-year lease which covers approximately 2,771 square feet of office and storage space. This lease is effective March 1, 2020 and extends through February 29, 2024, with a right to extend the term for an additional five-year period, subject to the terms and conditions set forth in the lease agreement. The monthly rent is \$15,361, subject to annual increases of 3.5 percent. In February 2020, the Company renewed its additional storage space lease, which requires us to make monthly payments of \$1,475, subject to a 2.5 percent annual increase. The Company recorded a right of use asset and lease liability obligation of \$715,310 upon inception of these leases. The Company also reclassified a previously existing right-of-use asset of \$66,271 from other assets to right-of-use asset.

As of June 30, 2023, the balance of right-of-use assets was approximately \$125,000, and the balance of total lease liabilities was approximately \$133,000.

Future minimum lease payments under non-cancelable operating leases under ASC 842 as of June 30, 2023 are as follows:

	<b>Operating Lease Payments</b>
July 2023 – June 2024	134,690
Total future minimum lease payments	134,690
Less: present value adjustment	1,671
Operating lease liabilities at June 30, 2023	133,019
Less: current portion of operating lease liabilities	133,019
Operating lease liabilities, net of current portion	\$ —

The components of rent expense and supplemental cash flow information related to leases for the period are as follows:

	<b>Period Ended June 30, 2023</b>
<b>Lease Cost</b>	
Operating lease cost (included in General and administrative expenses in the Company's condensed Consolidated Statements of Operations)	\$ 99,908
<b>Other information</b>	
Cash paid for amounts included in the measurement of lease liabilities for the period ended June 30, 2023	\$ 89,330
Weighted average remaining lease term – operating leases (in years)	0.7
Average discount rate	3.5%

## 5. Stock Based Compensation

The Company has a 2008 Stock Incentive Plan (the “2008 Plan”) under which 50,000 shares of common stock are reserved for issuance. As of June 30, 2023, there were approximately 18,000 shares subject to outstanding stock options and approximately 8,000 shares outstanding related to restricted stock grants issued from the 2008 Plan. This plan expired on November 20, 2018 and thus no further shares are available for future grant under this plan.

In November 2019, the Company adopted a 2019 Stock Incentive Plan (the “2019 Plan”) under which 54,000 shares of common stock are reserved for issuance. As of June 30, 2023, there were 3,500 shares subject to outstanding stock options from the 2019 Plan. The 2019 Plan expires on November 14, 2029.

There were no options granted to employees, directors or consultants in either of the periods ended June 30, 2023 or June 30, 2022.

During the six months ended June 30, 2023, no options were exercised. During the six months ended June 30, 2022, options to purchase 500 shares of common stock were exercised on a cashless basis in exchange for 215 shares of common stock.

Presented below is our stock option activity:

	<b>Six Months Ended June 30, 2023</b>			
	<b>Number of Options (Employees)</b>	<b>Number of Options (Non- Employees)</b>	<b>Total Number of Options</b>	<b>Weighted- Average Exercise Price</b>
Outstanding at January 1, 2023	13,998	3,650	17,648	\$ 433.97
Exercised	—	—	—	—
Forfeited or expired	(2,001)	—	(2,001)	\$ 148.22
Outstanding at June 30, 2023	11,997	3,650	15,647	\$ 745.52
Exercisable at June 30, 2023	11,997	3,650	15,647	\$ 745.52

The following table summarizes significant ranges of outstanding stock options under our plans at June 30, 2023:

<b>Range of Exercise Prices</b>	<b>Number of Options</b>	<b>Weighted- Average Remaining Contractual Life (years)</b>	<b>Weighted- Average Exercise Price</b>	<b>Number of Options Exercisable</b>	<b>Weighted- Average Remaining Contractual Life (years)</b>	<b>Weighted- Average Exercise Price</b>
\$ 26.00 – \$100.00	3,500	6.46	\$ 26.00	3,500	6.46	\$ 26.00
\$ 100.01 – \$300.00	6,066	4.22	\$ 195.29	6,066	4.22	\$ 195.29
\$ 300.01 – \$1,500.00	3,500	2.33	\$ 1,201.28	3,500	2.33	\$ 1,201.28
\$ 1,500.01 – \$4,146.00	2,581	0.75	\$ 2,384.61	2,581	0.75	\$ 2,384.61
	<u>15,647</u>	3.72	\$ 745.52	<u>15,647</u>	3.72	\$ 745.52

The Company recorded no stock compensation costs in either periods ended June 30, 2023 or June 30, 2022 as all options had previously vested. At June 30, 2023, there was no unrecognized compensation expense related to unvested stock options.

There was no aggregate intrinsic value of the outstanding options and options vested as of June 30, 2023.

At June 30, 2023 and June 30, 2022, the Company had warrants to purchase up to 42 shares of common stock outstanding at a weighted average exercise price of \$1,044.00 per share. At June 30, 2023, warrants to purchase up to 42 shares of common stock outstanding had no intrinsic value.

## 6. Stockholder Protection Rights Plan

On December 13, 2019, the Board authorized and declared a dividend of one right (a “Right”) for each of the Company’s issued and outstanding shares of common stock, par value \$0.001 per share. The dividend was paid to the stockholders of record at the close of business on December 23, 2019. Each Right entitled the registered holder, subject to the terms of the Original Rights Agreement (as defined below), to purchase from the Company one one-thousandth of a share of the Company’s Series B Junior Participating Preferred Stock, par value \$0.01 per share (the “Series B Preferred Stock”), at a price of \$5.00 (the “Purchase Price”), subject to certain adjustments. The description and terms of the Rights were set forth in the Rights Agreement, dated as of December 13, 2019 (the “Original Rights Agreement”), by and between the Company and American Stock Transfer & Trust Company, LLC, as Rights Agent.

On November 12, 2020, the Board approved an amendment and restatement of the Original Rights Agreement (as amended and restated, the “Amended and Restated Rights Agreement”) to effect certain changes to the Original Rights Agreement, including (i) reducing the duration to a term of three years, subject to certain earlier expiration as described in more detail below, and (ii) lowering the beneficial ownership threshold at which a person or group of persons becomes an Acquiring Person (as defined below) to 4.95% or more of the Company’s outstanding shares of common stock, subject to certain exceptions. The Amended and Restated Rights Agreement is designed to discourage (i) any person or group of persons from acquiring beneficial ownership of more than 4.95% of the Company’s shares of common stock and (ii) any existing stockholder currently beneficially holding 4.95% or more of the Company’s shares of common stock from acquiring additional shares of the Company’s common stock.

The purpose of the Amended and Restated Rights Agreement is to protect value by preserving the Company’s ability to utilize its net operating losses and certain other tax attributes (collectively, the “Tax Benefits”) to offset potential future income tax obligations. The Company’s ability to use its Tax Benefits would be substantially limited if it experiences an “ownership change,” as such term is defined in Section 382 of the Internal Revenue Code of 1986, as amended (the “Tax Code”). A corporation generally will experience an ownership change if the percentage of the corporation’s stock owned by its “5-percent shareholders,” as defined in Section 382 of the Tax Code, increases by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. The Amended and Restated Rights Agreement is intended to reduce the likelihood the Company would experience an ownership change under Section 382 of the Tax Code.

The Rights will not be exercisable until the earlier to occur of (i) the close of business on the tenth business day after a public announcement or filing that a person or group of affiliated or associated persons has become an “Acquiring Person,” which is defined as a person or group of affiliated or associated persons that, at any time after the date of the Amended and Restated Rights Agreement, has acquired, or obtained the right to acquire, beneficial ownership of 4.95% or more of the Company’s outstanding shares of common stock, subject to certain exceptions or (ii) the close of business on the tenth business day after the commencement of, or announcement of an intention to commence, a tender offer or exchange offer the consummation of which would result in any person becoming an Acquiring Person (the earlier of such dates being called the “Distribution Date”) (provided, however, that if such tender or exchange offer is terminated prior to the occurrence of the Distribution Date, then no Distribution Date shall occur as a result of such tender or exchange offer).

The Rights, which are not exercisable until the Distribution Date, will expire at or prior to the earliest of (i) the close of business on November 16, 2023; (ii) the time at which the Rights are redeemed pursuant to the Amended and Restated Rights Agreement; (iii) the time at which the Rights are exchanged pursuant to the Amended and Restated Rights Agreement; (iv) the time at which the Rights are terminated upon the occurrence of certain mergers or other transactions approved in advance by the Board; and (v) the close of business on the date set by the Board following a determination by the Board that (x) the Amended and Restated Rights Agreement is no longer necessary or desirable for the preservation of the Tax Benefits or (y) no Tax Benefits are available to be carried forward or are otherwise available (the earliest of (i), (ii), (iii), (iv) and (v) is referred to as the “**Expiration Date**”).

Each share of Series B Preferred Stock will be entitled, when, as and if declared, to a preferential per share quarterly dividend payment equal to the greater of (i) \$1.00 per share or (ii) an amount equal to 1,000 times the dividend declared per share of common stock. Each share of Series B Preferred Stock will entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company. In the event of any merger, consolidation or other transaction in which shares of common stock are converted or exchanged, each share of Series B Preferred Stock will be entitled to receive 1,000 times the amount received per one share of common stock.

The Purchase Price payable, and the number of shares of Series B Preferred Stock or other securities or property issuable, upon exercise of the Rights are each subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Series B Preferred Stock, (ii) upon the grant to holders of the Series B Preferred Stock of certain rights or warrants to subscribe for or purchase Series B Preferred Stock or convertible securities at less than the then-current market price of the Series B Preferred Stock or (iii) upon the distribution to holders of the Series B Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Series B Preferred Stock) or of subscription rights or warrants (other than those referred to above). The number of outstanding Rights and the number of one one-thousandths of a share of Series B Preferred Stock issuable upon exercise of each Right are also subject to adjustment in the event of a stock split, reverse stock split, stock dividends and other similar transactions involving the common stock.

In the event that any person or group of affiliated or associated persons becomes an Acquiring Person, each holder of a Right, other than the Rights beneficially owned by the Acquiring Person, affiliates and associates of the Acquiring Person and certain transferees thereof (which will thereupon become null and void), will thereafter have the right to receive upon exercise of a Right that number of shares of common stock having a market value of two times the Purchase Price.

In the event that, after a person or a group of affiliated or associated persons has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction, or 50% or more of the Company's assets or earning power are sold, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then-current purchase price of the Right, that number of shares of common stock of the acquiring company having a market value at the time of that transaction equal to two times the Purchase Price.

With certain exceptions, no adjustment in the Purchase Price will be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Purchase Price. No fractional shares of Series B Preferred Stock will be issued (other than fractions which are integral multiples of one one-thousandth of a share of Series B Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts) and, in lieu thereof, an adjustment in cash will be made based on the market price of the Series B Preferred Stock on the trading day immediately prior to the date of exercise.

At any time after any person or group of affiliated or associated persons becomes an Acquiring Person and prior to the acquisition of beneficial ownership by such Acquiring Person of 50% or more of the outstanding shares of common stock, the Board, at its option, may exchange each Right (other than Rights owned by such person or group of affiliated or associated persons which will have become void), in whole or in part, at an exchange ratio of one share of common stock per outstanding Right (subject to adjustment).

In connection with any exercise or exchange of the Rights, no holder of a Right will be entitled to receive shares of common stock if receipt of such shares would result in such holder, together with such holder's affiliates and associates, beneficially owning more than 4.95% of the then-outstanding common stock (such shares, the "Excess Shares") and the Board determines that such holder's receipt of Excess Shares would jeopardize or endanger the value or availability of the Tax Benefits or the Board otherwise determines that such holder's receipt of Excess Shares is not in the best interests of the Company. In lieu of such Excess Shares, such holder will only be entitled to receive cash or a note or other evidence of indebtedness with a principal amount equal to the then-current market price of the common stock multiplied by the number of Excess Shares that would otherwise have been issuable.

At any time before the Distribution Date, the Board may redeem the Rights in whole, but not in part, at a price of \$0.001 per Right (subject to certain adjustments) (the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board in its sole discretion may establish.

Immediately upon the action of the Board electing to redeem or exchange the Rights, the Company shall make a public announcement thereof, and upon such election, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

The Board may amend or supplement the Amended and Restated Rights Agreement without the approval of any holders of Rights, including, without limitation, in order to (a) cure any ambiguity, (b) correct inconsistent provisions, (c) alter time period provisions, including the Expiration Date, or (d) make additional changes to the Amended and Restated Rights Agreement that the Board deems necessary or desirable. However, from and after the date any person or group of affiliated or associated persons becomes an Acquiring Person, the Amended and Restated Rights Agreement may not be supplemented or amended in any manner that would adversely affect the interests of the holders of Rights.

## **7. Commitments and Contingencies**

### *Commitments*

#### Aldoxorubicin

We have an agreement (the "Vergell Agreement") with Vergell Medical (formerly with KTB Tumorforschungs GmbH) ("Vergell") for the exclusive license of patent rights held by Vergell for the worldwide development and commercialization of aldoxorubicin. Under the agreement, we had to make payments to Vergell upon meeting certain clinical and regulatory milestones up to and including the product's second final marketing approval. However, those payments are no longer required since the intellectual property acquired under the Vergell Agreement has now expired. We accrued \$316,000 that we believe is owed prior to the expiry of the intellectual property. This amount was outstanding both for the six-month periods ended June 30, 2023 and June 30, 2022.



### Arimoclomol

The agreement relating to our worldwide rights to arimoclomol provides for our payment of up to an aggregate of \$3.65 million upon receipt of milestone payments from Orphazyme A/S. On May 31, 2022, Orphazyme announced that it had completed the sale of substantially all of its assets and business activities for cash consideration of \$12.8 million and assumption of liabilities estimated to equal approximately \$5.2 million to KemPharm (the “KemPharm Transaction”). KemPharm is a specialty biopharmaceutical company focused on the discovery and development of novel treatments for rare central nervous system (“CNS”) diseases. As part of the KemPharm Transaction, all of Orphazyme’s obligations to LadRx under the 2011 Arimoclomol Agreement, including with regard to milestone payments and royalties on sales, were assumed by KemPharm. KemPharm re-branded to Zevra Therapeutics, Inc. in February 2023.

As disclosed in Note 3, Assignment Agreement with XOMA, pursuant to the Assignment Agreement, although all the liabilities and obligations related to arimoclomol remain the responsibility of the Company, XOMA will direct an escrow agent appointed by them to pay on behalf of LadRx up to an aggregate of \$3.25 million reflected in the preceding paragraph, as well as all future obligations related to Steven A. Kriegsman, pursuant to the Amended and Restated Employment Agreement, as amended by and between the Company and Mr. Kriegsman, dated March 26, 2019.

### Innovive

Under the merger agreement by which we acquired Innovive, we agreed to pay the former Innovive stockholders a total of up to approximately \$18.3 million of future earnout merger consideration, subject to our achievement of specified net sales under the Innovive license agreements. As of June 30, 2023, there are no longer any further obligations due under this agreement, since the licensed intellectual property rights have expired.

### *Contingencies*

We apply the disclosure provisions of ASC 460, *Guarantees* (“ASC 460”) to its agreements that contain guarantees or indemnities by the Company. We provide (i) indemnifications of varying scope and size to certain investors and other parties for certain losses suffered or incurred by the indemnified party in connection with various types of third-party claims; and (ii) indemnifications of varying scope and size to officers and directors against third party claims arising from the services they provide to the Company.

The Company is occasionally involved in legal proceedings and other matters arising from the normal course of business. On November 30, 2022, Jerald Hammann (“Hammann”) filed a complaint (the “Complaint”) against the Company, Mr. Caloz, and Mr. Kriegsman (together, “Defendants”) in the Court of Chancery of the State of Delaware, alleging various violations of a Cooperation Agreement, dated August 21, 2020, by and between the Company and Hammann. The Complaint alleges breaches of a provision limiting the Board’s ability to effect discretionary compensation and a non-disparagement provision. The Complaint further alleges a breach of a purported implied obligation that the Company disclose various internal records to Hammann. Defendants believe the Complaint is wholly without merit and have moved to dismiss the Complaint in its entirety. Hammann has opposed the motion to dismiss and briefing of the motion is ongoing. Defendants intend to litigate vigorously against Hammann’s claims.

The Company evaluates developments in legal proceedings and other matters on a quarterly basis. The Company records accruals for loss contingencies to the extent that the Company concludes that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated.

In May 2023, the World Health Organization determined that COVID-19 no longer fit the definition of a public health emergency and the U.S. government announced its plan to let the declaration of a public health emergency associated with COVID-19 expire on May 11, 2023.

COVID-19 is expected to remain a serious endemic threat for an indefinite future period, and may continue to adversely affect the global economy, the companies which we are working to develop and commercialize our products, such as ImmunityBio and KemPharm, and we are unable to predict the full extent of potential delays or impacts on our business, and operations.

The extent to which the COVID-19 endemic and its ongoing effects, including but not limited to supply chain issues, global shortages of supplies, material and products, volatile market conditions and rising global inflation may impact our business and prospects will depend on future developments, which remain uncertain and cannot be predicted with confidence.

## Item 2. — Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Overview

LadRx Corporation (“LadRx” or the “Company”) is a biopharmaceutical research and development company specializing in oncology. The Company’s focus is on the discovery, research and clinical development of novel anti-cancer drug candidates that employ novel technologies that target chemotherapeutic drugs to solid tumors and reduce off-target toxicities. During 2017, LadRx’s discovery laboratory in Freiburg, Germany, synthesized and tested over 75 rationally designed drug conjugates with highly potent anti-cancer payloads, culminating in the creation of two distinct classes of compounds. Four lead candidates (LADR-7 through LADR-10) were selected based on *in vitro* and animal studies in several different cancer models, stability, and manufacturing feasibility. In addition, a novel companion diagnostic, ACDx™, was developed to identify patients with cancer who are most likely to benefit from treatment with these drug candidates.

On June 1, 2018, LadRx launched Centurion BioPharma Corporation (“Centurion”), a wholly-owned subsidiary, and transferred into Centurion all of its assets, liabilities and personnel associated with the laboratory operations in Freiburg, Germany. In connection with said transfer, the Company and Centurion entered into a Management Services Agreement whereby the Company agreed to render advisory, consulting, financial and administrative services to Centurion, for which Centurion shall reimburse the Company for the cost of such services plus a 5% service charge. On December 21, 2018, LadRx announced that Centurion had concluded the pre-clinical phase of development for its four LADR drug candidates, and of its albumin companion diagnostic (ACDx™). As a result of completing this work, operations taking place at the pre-clinical laboratory in Freiburg, Germany were no longer needed and the lab was closed at the end of January 2019.

On March 9, 2022, Centurion merged with and into LadRx, with LadRx absorbing all of Centurion’s assets and continuing after the merger as the surviving entity (the “Merger”). The Merger was implemented through an agreement and plan of merger pursuant to Section 253 of the General Corporation Law of the State of Delaware and did not require approval from either our or Centurion’s stockholders. The Certificate of Ownership merging Centurion into LadRx was filed with the Secretary of State of Delaware on March 9, 2022.

Effective September 26, 2022, we changed our name from CytRx Corporation to LadRx Corporation pursuant to a Certificate of Amendment to our Certificate of Incorporation filed with the Secretary of State of Delaware. In accordance with the General Corporation Law of the State of Delaware (the “DGCL”), our board of directors approved the name change and the Certificate of Amendment. Pursuant to Section 242(b)(1) of the DGCL, stockholder approval was not required for the name change or the Certificate of Amendment.

The Company effected a 1-for-100 reverse stock split (the “Reverse Stock Split”) of its issued and outstanding shares of common stock on May 17, 2023, pursuant to which every 100 shares of the Company’s issued and outstanding shares of common stock were converted into one share of common stock without any change in the par value per share. Any fraction of a share of common stock that would otherwise have resulted from the Reverse Stock Split were rounded up to the nearest whole share. All share and per share amounts in the accompanying financial statements have been adjusted to reflect the reverse stock split as if it had occurred at the beginning of the earliest period presented.

We are a Delaware corporation, incorporated in 1985. Our corporate offices are located at 11726 San Vicente Boulevard, Suite 650, Los Angeles, California 90049, and our telephone number is (310) 826-5648. Our web site is located at <http://www.ladrxcorp.com>. We do not incorporate by reference into this Quarterly Report on Form 10-Q the information on, or accessible through, our website, and you should not consider it as part of this report.

### ***LADR Drug Discovery Platform***

The LADR Technology offers the opportunity for multiple pipeline drugs. The Company's LADR™ (Linker Activated Drug Release) technology platform consists of an organic backbone that is attached to a chemotoxic agent. The purpose of the LADR™ backbone is to first target and deliver the chemotoxic agent to the tumor environment, and then to release the chemotoxic agent within the tumor. By delivering, concentrating, and releasing the chemotoxic agent within the tumor, one expects to reduce the off-target side-effects of the chemotherapeutic, which in turn allows for several-fold higher dosing of the chemotherapeutic to the patient. Being small organic molecules, the Company expects LADR-based drugs to offer the benefits of targeting the tumor without the complexity, side effects, and expense inherent in macromolecules such as antibodies and nanoparticles.

The Company's LADR-based drugs use circulating albumin as the binding target and as the trojan horse to deliver the LADR™ drugs to the tumor. Albumin is the most abundant protein in plasma and accumulates inside tumors due to the aberrant vascular structure that exists within solid tumors. Tumors use albumin as a nutritional source and for transport of signaling and other molecules that are important to the maintenance and growth of the tumor, which makes albumin an excellent target for drugs that are intended for solid tumors.

The Company's LADR™ development efforts are focused on two classes of ultra-high potency albumin-binding drugs. These LADR-based drugs, LADR7, 8, 9, and 10, combine the proprietary LADR™ backbone with novel derivatives of the auristatin and maytansinoid drug classes. Auristatin and maytansinoid are highly potent chemotoxins, and require targeting to the tumor for safe administration to humans, as is the case for the FDA-approved drugs Adcetris (auristatin antibody-drug-conjugate manufactured by Seagen, Inc.) and Kadcyla (maytansine antibody-drug-conjugate manufactured by Genentech, Inc.). We believe that LADR-based drugs offer the benefits of tumor targeting without the disadvantages of antibodies and other macromolecules, which include expense, complexity, and negative side effects. Additionally, albumin is a very well-characterized drug target, which we believe will reduce clinical and regulatory costs and risks.

The Company's postulated mechanism of action for LADR-based drugs is as follows:

- after administration, the linker portion of the drug conjugate forms a rapid and specific covalent bond to the cysteine-34 position of circulating albumin;
- circulating albumin preferentially accumulates in tumors due to a mechanism called "Enhanced Permeability and Retention", which results in lower exposure to the drug in noncancerous tissues of the heart, liver, and other organs;
- once localized at the tumor, the acid-sensitive linker of the LADR™ backbone is cleaved due to the specific conditions within the tumor and in the tumor microenvironment; and
- free active drug is then released within the tumor, causing tumor cell death.

The first-generation LADR-based drug is called Aldoxorubicin. Aldoxorubicin is the well-known drug doxorubicin attached to the first generation LADR™ backbone (LADR7-10 employ a next generation LADR™ backbone). Aldoxorubicin has been administered to over 600 human subjects in human clinical trials and has proven the concept of LADR™ in that several-fold more doxorubicin can be safely administered to patients when the doxorubicin is attached to LADR™ than when administered as native doxorubicin. Aldoxorubicin has been licensed to ImmunityBio and is currently in a Phase II trial for pancreatic cancer.

The next generation LADR™ drugs are termed LADR7, 8, 9, and 10. A great deal of Investigational New Drug ("IND") enabling work has already been accomplished on LADR7-10, including in-silico modeling, in-vitro efficacy testing in several different cancer models, in-vivo dosing, safety, and efficacy testing in several different cancer models in animals. We have also developed and proven manufacturability, an important step prior to beginning human clinical trials.

The IND-enabling work that remains prior to applying to the FDA for first-in-human studies for LADR7-10 is limited due to the extensive experimentation already completed. For example, in the case of LADR7, a manufacturing run under Good Manufacturing Practices (GMP) must be completed and some toxicology studies completed using the GMP material must be completed in animals. Toxicology studies with LADR7 have already been completed with non-GMP manufactured drug. Management estimates that these final IND-enabling activities for LADR7 would take approximately 12 months to complete, once funded and initiated, and that first-in-human dosing would be achieved within approximately 6-9 months after completion of the IND-enabling studies. Management further estimates that the cost to manufacture GMP material for one LADR™ drug, for example LADR7, complete all pre-IND studies, and to obtain an IND could be approximately \$2 million in direct costs, based on current estimates, representing a capital-efficient path to clinical entry.

Because the LADR™ backbone in future products would be the same as the LADR™ backbone in current product candidates, (i.e. the chemotoxin can be changed without changing the LADR™ backbone), management anticipates that future product candidates beyond LADR7-10 may enjoy abbreviated pre-clinical pathways to first-in-human. Such abbreviated pathways would be subject to FDA review and agreement.

The Company's novel companion diagnostic, ACDx™ (albumin companion diagnostic) was developed to identify patients with cancer who are most likely to benefit from treatment with the four LADR™ lead assets. We have not yet determined whether the use of a companion diagnostic will be necessary or helpful, and plan to continue to investigate this question in parallel to the pre-clinical and clinical development of LADRs 7-10.

The LADR™ backbone and drugs that employ LADR™ are protected by domestic and international patents, and additional patents are pending.

### ***Business Strategy for LADR™ Platform***

With the non-dilutive financing concluded with XOMA in June 2023 (as defined below), the Company is now focused on commencing the work needed to submit an IND with the FDA for LADR7. Specifically, the Company is working with its vendors to initiate GMP manufacturing of LADR7, and to initiate the toxicology program that will form the basis of the IND for LADR7. Management estimates that the GMP manufacture and IND-enabling toxicology studies for LADR7 will be completed in the fourth quarter of 2024, with submission of the IND to the FDA shortly thereafter. Management will continue to explore in parallel both partnered and non-partnered funding and development strategies for LADR™ with a goal of obtaining the least costly capital possible to enable value inflection milestones.

### ***Partnering of Aldoxorubicin***

On July 27, 2017, the Company entered into an exclusive worldwide license with ImmunityBio, Inc. (formerly known as NantCell, Inc., and which merged with NantKwest Inc. in March 2021 ("ImmunityBio")), granting to ImmunityBio the exclusive rights to develop, manufacture and commercialize aldoxorubicin in all indications. As a result, we are no longer directly working on the development of aldoxorubicin. As part of the license agreement, ImmunityBio made a strategic investment of \$13 million in LadRx's common stock at \$660.00 per share (adjusted to reflect our 2017 reverse stock split), a premium of 92% to the market price on that date. The Company also issued ImmunityBio a warrant to purchase up to 5,000 shares of common stock at \$660.00 per share, which such warrant expired on January 26, 2019.

ImmunityBio is conducting an open-label, randomized, Phase 2 study of a combination of immunotherapy, aldoxorubicin, and standard-of-care chemotherapy versus standard-of-care chemotherapy alone for the treatment of locally advanced or metastatic pancreatic cancer in patients who have had 1 or 2 lines of treatment (Cohorts A and B) or 3 or greater lines of treatment (Cohort C). In June 2022, Immunity Bio presented data at the American Society of Clinical Oncology meeting showing that patients receiving combination immunotherapy with aldoxorubicin plus standard-of-care chemotherapy experienced overall survival of 5.8 months, compared to 3 months for historical control patients that had received only the standard-of-care chemotherapy (n=78, 95% confidence interval of 4 to 6.9 months). An additional 25 patients in the experimental group remain in the study. Thus far, there have been no treatment-related deaths, and serious adverse events have been uncommon (6%).

Aldoxorubicin has received Orphan Drug Designation (ODD) by the FDA for the treatment of soft tissue sarcoma ("STS"). ODD provides several benefits including seven years of market exclusivity after approval, certain R&D related tax credits, and protocol assistance by the FDA. European regulators granted aldoxorubicin Orphan designation for STS which confers ten years of market exclusivity among other benefits.

ImmunityBio also lists ongoing clinical studies in head and neck cancer and has submitted a protocol with the FDA for glioblastoma.

#### *Royalty Purchase Agreement with XOMA*

On June 21, 2023, the Company, entered into (i) a Royalty Purchase Agreement (the “Royalty Agreement”) with XOMA (US) LLC (“XOMA”), for the sale, transfer, assignment and conveyance of the Company’s right, title and interest in and to certain royalty payments and milestone payments with respect to aldoxorubicin, and (ii) an Assignment and Assumption Agreement (the “Assignment Agreement”) with XOMA for the sale, transfer, assignment and conveyance of the Company’s right, title and interest in the 2011 Arimoclomol Agreement (as defined herein) between the Company and Orphazyme ApS (“Orphazyme”), dated as of May 13, 2011, and assigned to Zevra Denmark A/S (“Zevra”), effective as of June 1, 2022, which includes certain royalty and milestone payments with respect to arimoclomol. The combined aggregate purchase price paid to the Company for the sale, transfer, assignment and conveyance of the Company’s right, title and interest in and to aldoxorubicin and arimoclomol was \$5 million, less certain transaction fees and expenses.

Pursuant to the Royalty Agreement, the Company agreed to sell, transfer, assign and convey to XOMA, among other payments, all royalty payments and regulatory and commercial milestone payments payable to the Company pursuant to the worldwide license agreement, dated July 27, 2017, by and between the Company and Immunity Bio. The Royalty Agreement also provides for the sharing of certain rights with XOMA to bring any action, demand, proceeding or claim as related to receiving such payments. Pursuant to the Royalty Agreement, the Company is also entitled to receive a one-time payment of \$4 million upon the U.S. Food and Drug Administration’s (the “FDA”) approval of aldoxorubicin.

#### *Transfer of Rights to Molecular Chaperone Assets*

On May 13, 2011, pursuant to the Asset Purchase Agreement by and between the Company and Orphazyme A/S (“Orphazyme”, formerly Orphazyme ApS), LadRx sold the rights to arimoclomol and irovanadine, based on molecular chaperone regulation technology, in exchange for a one-time, upfront payment and the right to receive up to a total of \$120 million in milestone payments upon the achievement of certain pre-specified regulatory and business milestones, as well as royalty payments based on a specified percentage of any net sales of products derived from arimoclomol (the “2011 Arimoclomol Agreement”). Orphazyme transferred its rights and obligations under the 2011 Arimoclomol Agreement to KemPharm Denmark A/S (“KemPharm”), a wholly owned subsidiary of KemPharm Inc., in May 2022.

In May 2021, Orphazyme announced that the pivotal phase 3 clinical trial for arimoclomol in Amyotrophic Lateral Sclerosis did not meet its primary and secondary endpoints, reducing the maximum amount that LadRx currently has the right to receive under the 2011 Arimoclomol Agreement to approximately \$100 million. Orphazyme also tested arimoclomol in Niemann-Pick disease Type C (“NPC”) and Gaucher disease, and following a Phase II/III trial submitted to the FDA a New Drug Application for the treatment of NPC with arimoclomol. On June 18, 2021, Orphazyme announced it had received a complete response letter (the “Complete Response Letter”) from the FDA indicating the need for additional data. In late October 2021, Orphazyme announced it held a Type A meeting with the FDA, at which the FDA recommended that Orphazyme submit additional data, information and analyses to address certain topics in the Complete Response Letter and engage in further interactions with the FDA to identify a pathway to resubmission. The FDA concurred with Orphazyme’s proposal to remove the cognition domain from the NPC Clinical Severity Scale (“NPCCSS”) endpoint, with the result that the primary endpoint is permitted to be recalculated using the 4- domain NPCCSS, subject to the submission of additional requested information which Orphazyme had publicly indicated that it intended to provide. To bolster the confirmatory evidence already submitted, the FDA affirmed that it would require additional in vivo or pharmacodynamic (PD)/pharmacokinetic (PK) data.

Orphazyme had also submitted a Marketing Authorization Application (“MAA”) with the European Medicines Agency (the “EMA”). In February 2022, Orphazyme announced that although they had received positive feedback from the Committee for Medicinal Products for Human Use (“CHMP”) of the EMA, they were notified by the CHMP of a negative trend vote on the MAA for arimoclomol for NPC following an oral explanation.

On May 31, 2022, Orphazyme announced that it had completed the sale of substantially all of its assets and business activities for cash consideration of \$12.8 million and assumption of liabilities estimated to equal approximately \$5.2 million to KemPharm (the “KemPharm Transaction”). KemPharm is a specialty biopharmaceutical company focused on the discovery and development of novel treatments for rare CNS diseases. As part of the KemPharm Transaction, all of Orphazyme’s obligations to LadRx under the 2011 Arimoclomol Agreement, including with regard to milestone payments and royalties on sales, were assumed by KemPharm. KemPharm is expected to continue the early access programs with arimoclomol, and to continue to pursue the potential approval of arimoclomol as a treatment option for NPC. KemPharm indicated it plans on resubmitting the NDA for arimoclomol in the third quarter of 2023. It is also identifying a regulatory path forward with the EMA. KemPharm re-branded to Zevra Therapeutics, Inc. in February 2023

#### *Assignment and Assumption Agreement with XOMA*

On June 21, 2023, the Company entered into the Assignment Agreement with XOMA, pursuant to which, among others, the Company agreed to sell, transfer and assign to XOMA the Company’s right, title and interest in the arimoclomol pursuant to the 2011 Arimoclomol Agreement, including the right to receive certain milestone, royalty and other payments from Zevra.

Pursuant to the Assignment Agreement, the Company is entitled to receive (i) a one-time payment of \$1 million upon acceptance of a re-submission of a New Drug Application to the FDA for arimoclomol, and (ii) a one-time payment of \$1 million upon the first invoiced sale in certain territories of a pharmaceutical product derived from arimoclomol as an active pharmaceutical ingredient, subject to the receipt of the applicable regulatory approval required to sell such a product in such countries.

#### **Critical Accounting Policies and Estimates**

Management’s discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, impairment of long-lived assets, including finite-lived intangible assets, research and development expenses and clinical trial expenses and stock-based compensation expense.

We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Our significant accounting policies are summarized in Note 2 to our audited consolidated financial statements contained in the 2022 Annual Report.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

#### *Stock-Based Compensation*

The Company accounts for share-based awards to employees and nonemployees directors and consultants in accordance with the provisions of ASC 718, *Compensation—Stock Compensation*, and under the recently issued guidance following FASB’s pronouncement, ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. Under ASC 718, and applicable updates adopted, share-based awards are valued at fair value on the date of grant and that fair value is recognized over the requisite service, or vesting, period. The Company values its equity awards using the Black-Scholes option pricing model, and accounts for forfeitures when they occur.

#### **Inflation Risk**

The Company does not believe that inflation has had a material effect on its operations to date, other than the impact of inflation on the general economy. However, there is a risk that the Company’s operating costs could become subject to inflationary pressures in the future, which would have the effect of increasing the Company’s operating costs, and which would put additional stress on the Company’s working capital resources.

## ***Liquidity and Capital Resources***

### ***Going Concern***

The Company's condensed consolidated financial statements have been presented on the basis that it will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. During the six months ended June 30, 2023, although the Company realized a net income of \$2,074,468, it had a loss from operations of \$2,101,204 and had an accumulated deficit of \$486,832,006 as of June 30, 2023. In addition, the Company has no recurring revenue. As a result, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern. The Company's consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company's independent registered public accounting firm, in its report on the Company's consolidated financial statements for the year ended December 31, 2022, has also expressed substantial doubt about the Company's ability to continue as a going concern.

At June 30, 2023, we had cash and cash equivalents and short-term investments of approximately \$3.6 million. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary debt or equity financing to continue operations until it begins generating positive cash flow. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case of equity financing.

Net cash provided by operating activities for the six months ended June 30, 2023 was \$2.5 million, which was primarily the result of the sale of royalty and milestone rights, net of transaction costs of \$4.2 million less a net loss from operations of \$2.1 million, and \$0.4 million in net cash inflows associated with changes in assets and liabilities.

Net cash used in operating activities for the six months ended June 30, 2022 was \$2.2 million, which was primarily the result of a net loss from operations of \$2.1 million, and \$0.1 million in net cash outflows associated with changes in assets and liabilities. The net cash outflows associated with changes in assets and liabilities were primarily due to decreases of \$0.9 million of prepaid expenses and other current assets, \$0.1 million of insurance claim receivable and \$0.1 million of amortization of right-of-use asset, offset by reductions of \$0.3 million of accounts payable, \$0.8 million in accrued liabilities and \$0.1 million of decrease in lease liabilities.

We purchased minimal fixed assets in both the six-month periods ended June 30, 2023 and June 30, 2022, and do not expect any significant capital spending during the next 12 months.

We purchased the preferred investment options for \$250,000 and paid dividends on the shares of Series C Preferred Stock of \$69,000 in the six-month period ended June 30, 2023; we paid dividends on the shares of Series C Preferred Stock of \$0.4 million in the same period in 2022.

We continue to evaluate potential future sources of capital, as we do not currently have commitments from any third parties to provide us with additional capital and we may not be able to obtain future financing on favorable terms, or at all. The results of our technology licensing efforts and the actual proceeds of any fund-raising activities will determine our ongoing ability to operate as a going concern. Our ability to obtain future financings through joint ventures, product licensing arrangements, royalty sales, equity financings, grants or otherwise is subject to market conditions and our ability to identify parties that are willing and able to enter into such arrangements on terms that are satisfactory to us. Depending upon the outcome of our fundraising efforts, the accompanying financial information may not necessarily be indicative of our future financial condition. Failure to obtain adequate financing would adversely affect our ability to operate as a going concern.

We do not have any off-balance sheet arrangements.

*There can be no assurance that we will be able to generate revenues from our product candidates and become profitable. Even if we become profitable, we may not be able to sustain that profitability.*

### Results of Operations

We recorded a net income of approximately \$3.1 million and \$2.1 million for the three-month and six-month periods ended June 30, 2023, respectively, as compared to a net loss of approximately \$0.8 million and \$2.1 million for the three-month and six-month periods ended June 30, 2022, respectively.

We recognized no licensing revenue in the six-month periods ended June 30, 2023 and 2022. We will no longer be entitled to future licensing revenues from our current licensing agreements, since we transferred the royalty and milestone rights associated with arimoclomol and aldoxorubicin to XOMA, pursuant to the Royalty Purchase Agreement and the Assignment Agreement for net proceeds of approximately \$4.2 million, along with \$6 million in potential post-closing payments, based on achievement of certain future milestones. We recognized the net proceeds in connection with the Royalty Purchase Agreement and the Assignment Agreement as Other Income on our condensed consolidated statement of operations.

### General and Administrative Expenses

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2023	2022	2023	2022
	(In thousands)		(In thousands)	
General and administrative expenses	\$ 1,018	\$ 1,141	\$ 2,095	\$ 2,430
Amortization of stock awards	—	3	—	6
Depreciation and amortization	3	4	6	7
	<u>\$ 1,021</u>	<u>\$ 1,148</u>	<u>\$ 2,101</u>	<u>\$ 2,443</u>

General and administrative expenses include all administrative salaries and general corporate expenses, including legal expenses. Our general and administrative expenses, excluding stock expense, non-cash expenses and depreciation and amortization, were \$1.0 million and \$2.1 million for the three and six-month periods ended June 30, 2023, respectively, and \$1.1 million and \$2.4 million, respectively, for the same periods in 2022. Our general and administrative expenses in the comparative periods excluding amortization of stock awards, non-cash expenses and depreciation and amortization, decreased marginally.

### Depreciation and Amortization

Depreciation expense reflects the depreciation of our equipment and furnishings.

### Forgiveness of Accounts Payable

During the three-month period ended June 30, 2022, one of the Company's vendors issued a credit note of \$353,565 related to past general and administrative services. No such credit note was recognized in the three-month period ended June 30, 2023.

### Interest Income

Interest income was approximately \$3,000 and \$7,000 for the three-month and six-month periods ended June 30, 2023, respectively, as compared to \$1,000 and \$2,000, respectively, for the same periods in 2022.

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

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because a significant portion of our investments are in short-term debt securities issued by the U.S. government and institutional money market funds. The primary objective of our investment activities is to preserve principal. Due to the nature of our short-term investments, we believe that we are not subject to any material market risk exposure. We do not have any speculative or hedging derivative financial instruments or foreign currency instruments. If interest rates had varied by 10% in the three-month period ended June 30, 2023, it would not have had a material effect on our results of operations or cash flows for that period.



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

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

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Securities Exchange Act Rule 13a-15(e)) as of the end of the quarterly period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all errors and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

##### ***Changes in Controls over Financial Reporting***

There was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2023 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We continually seek to assure that all of our controls and procedures are adequate and effective. Any failure to implement and maintain improvements in the controls over our financial reporting could cause us to fail to meet our reporting obligations under the SEC's rules and regulations. Any failure to improve our internal controls to address the weaknesses we have identified could also cause investors to lose confidence in our reported financial information, which could have a negative impact on the trading price of our common stock.

### **PART II — OTHER INFORMATION**

#### **Item 1. — Legal Proceedings**

None.

#### **Item 1A. — Risk Factors**

You should carefully consider and evaluate the information in this Quarterly Report and the risk factors set forth under the caption "Item 1A. Risk Factors" in our 2022 Annual Report, which was filed with the SEC on March 16, 2023. The risk factors associated with our business have not materially changed compared to the risk factors disclosed in the 2022 Annual Report.

#### **Item 2. — Unregistered Sales of Equity Securities and Use of Proceeds**

None.

#### **Item 3. — Defaults Upon Senior Securities**

None.

#### **Item 4. — Mine Safety Disclosure**

Not applicable.

#### **Item 5. — Other Information**

None.

#### **Item 6. — Exhibits**

The exhibits listed in the accompanying Index to Exhibits are filed or furnished as part of this Quarterly Report on Form 10-Q and incorporated herein by reference.

**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.

**LadRx Corporation**

Date: August 14, 2023

By: /s/JOHN Y. CALOZ  
John Y. Caloz  
Chief Financial Officer

## INDEX TO EXHIBITS

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of LadRx Corporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed with the SEC on May 11, 2023).</a>
10.1***	<a href="#">Royalty Purchase Agreement dated June 21, 2023, by and between LadRx Corporation and XOMA (US) LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on June 26, 2023).</a>
10.2***	<a href="#">Assignment and Assumption Agreement, dated June 21, 2023, by and between LadRx Corporation and XOMA (US) LLC (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed with the SEC on June 26, 2023).</a>
31.1*	<a href="#">Certification of Chief 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.</a>
31.2*	<a href="#">Certification of Chief 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.</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL)

\* Filed herewith.

\*\* Furnished herewith.

\*\*\* Certain of the schedules (and similar attachments) to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5) of Regulation S-K under the Securities Act because they do not contain information material to an investment or voting decision and that information is not otherwise disclosed in the Exhibit or the disclosure document. The registrant hereby agrees to furnish a copy of all omitted schedules (or similar attachments) to the SEC upon its request.

**Exhibit 31.1****CERTIFICATIONS**

I, Stephen Snowdy, Chief Executive Officer of LadRx Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LadRx Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 14, 2023

By: /s/STEPHEN SNOWDY

Stephen Snowdy  
Chief Executive Officer

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**Exhibit 31.2****CERTIFICATIONS**

I, John Y. Caloz, Chief Financial Officer of LadRx Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LadRx Corporation;

2. Based on my knowledge, this quarterly 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 quarterly 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 quarterly 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 our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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

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

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

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

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

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

Date: August 14, 2023

By: /s/ JOHN Y. CALOZ  
John Y. Caloz  
Chief Financial Officer

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**Exhibit 32.1****Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer of LadRx Corporation (the "Company") hereby certifies that to his knowledge:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: August 14, 2023

By: /s/ STEPHEN SNOWDY

Stephen Snowdy  
Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 (Section 906), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to LadRx Corporation and will be retained by LadRx Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an Exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

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**Exhibit 32.2****Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Financial Officer of LadRx Corporation (the "Company") hereby certifies that to his knowledge:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: August 14, 2023

By: /s/ JOHN Y. CALOZ

John Y. Caloz  
Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 (Section 906), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to LadRx Corporation and will be retained by LadRx Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an Exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

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