

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

**FORM 10-K**

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2021

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: 001-39070

**MONOPAR THERAPEUTICS INC.**

(Exact name of registrant as specified in its charter)

<u>DELAWARE</u> (State or other jurisdiction of incorporation or organization)	<u>32-0463781</u> (I.R.S. employer identification number)
<u>1000 Skokie Blvd., Suite 350, Wilmette, IL</u> (Address of principal executive offices)	<u>60091</u> (zip code)

(847) 388-0349  
(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
<u>Common stock, \$0.001 par value</u>	<u>MNPR</u>	<u>The Nasdaq Stock Market LLC (Nasdaq Capital Market)</u>

Securities registered pursuant to section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 and post 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 emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2021 was \$25,238,039 based on the closing price reported for such date on the Nasdaq Capital Market.

The number of shares outstanding with respect to each of the classes of our common stock, as of March 11, 2022, is set forth below:

<u>Class</u>	<u>Number of shares outstanding</u>
<u>Common stock, par value \$0.001 per share</u>	<u>12,604,514</u>

The documents incorporated by reference are as follows: portions of the Registrant's Proxy Statement for its 2022 annual meeting of stockholders are incorporated by reference into Part III.



**MONOPAR THERAPEUTICS INC.**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>Part I</b>	
<a href="#">Item 1. Business</a>	5
<a href="#">Item 1A. Risk Factors</a>	32
<a href="#">Item 2. Properties</a>	65
<a href="#">Item 3. Legal Proceedings</a>	65
<b>Part II</b>	
<a href="#">Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	66
<a href="#">Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	67
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	76
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</a>	76
<a href="#">Item 9A. Control and Procedures</a>	76
<b>Part III</b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	78
<a href="#">Item 11. Executive Compensation</a>	78
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	78
<a href="#">Item 13. Certain Relationships and Related Transactions and Director Independence</a>	78
<a href="#">Item 14. Principal Accountant Fees and Services</a>	78
<b>Part IV</b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	79

### Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Annual Report on Form 10-K are forward-looking statements. The words “hopes,” “believes,” “anticipates,” “plans,” “seeks,” “estimates,” “projects,” “expects,” “intends,” “may,” “could,” “should,” “would,” “will,” “continue,” and similar expressions are intended to identify forward-looking statements. The following uncertainties and factors, among others, could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- our ability to raise sufficient funds within the next 12 months in order for us to complete the Phase 3 portion of our ongoing Validive Phase 2b/3 clinical trial and, if required, complete a second confirmatory Phase 3 clinical trial, to continue the clinical development of camsirubicin through and beyond our ongoing Phase 1b dose escalation clinical trial, to support further development of potential MNPR-101-derived radioimmunotherapeutics (RITs) and companion diagnostics to treat cancer and severe COVID-19 (patients with SARS-CoV-2 infection), and to support further development of MNPR-101, MNPR-202 and related compounds; as well as our ability to further raise additional funds in the future to support any future product candidate programs through completion of clinical trials, and our current and future product candidate programs through the approval processes and, if applicable, commercialization;
- our ability to find a suitable pharmaceutical partner or partners to further our development efforts, under acceptable financial terms;
- risks and uncertainties associated with our research and development activities, including our clinical trials, regulatory submissions, and manufacturing and quality expenses;
- estimated timeframes for our clinical trials and regulatory reviews for approval to market products are uncertain;
- the rate of market acceptance and competitiveness in terms of pricing, efficacy and safety, of any products for which we receive marketing approval, and our ability to competitively market any such products as compared to larger pharmaceutical firms;
- the difficulties of commercialization, marketing and product manufacturing and overall strategy;
- uncertainties of intellectual property position and strategy including new discoveries and patent filings;
- our ability to attract and retain experienced and qualified key personnel and/or to find and utilize external sources of experience, expertise and scientific, medical and commercialization knowledge to complete product development and commercialization of new products;
- the risks inherent in our estimates regarding the level of needed expenses, capital requirements and the availability of required additional financing at acceptable terms;
- the impact of government laws and regulations including increased governmental control of healthcare and pharmaceuticals, including direct price controls driving lower prices and other governmental regulations affecting cost requirements and structures required to deliver therapeutic products;
- the uncertain impact of the COVID-19 pandemic on our ability to advance our clinical programs and raise additional financing;
- the uncertain impact of the Russia-Ukraine conflict on our clinical material manufacturing expenses and timeline, as well as on general economic, trade and financial market conditions; and
- uncertainty of our financial and operational projections and the development of new competitive products and technologies.

Although we believe that the risk assessments identified in such forward-looking statements are appropriate, we can give no assurance that such risks will be realized. Cautionary statements are disclosed in this Annual Report on Form 10-K, including without limitation statements in the section entitled “Item 1A - Risk Factors,” addressing forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements. We undertake no obligation to update any statements made in this Annual Report on Form 10-K or elsewhere, including without limitation any forward-looking statements, except as required by law.

Any forward-looking statements in this Annual Report on Form 10-K reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances projected in this information.

### Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in “Item 1A - Risk Factors” located elsewhere in this Annual Report on Form 10-K. These risks include, among others, the following:

- We are a clinical stage biopharmaceutical company with a history of financial losses. We expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain cash self-sufficiency or profitability, which could result in a decline in the market value of our common stock.
- Funds raised to date are not sufficient to 1) complete the Phase 3 portion of our ongoing Validive Phase 2b/3 (“VOICE”) clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial; 2) continue the clinical development of camsirubicin through and beyond our ongoing Phase 1b dose escalation clinical trial; 3) support further development of potential MNPR-101-derived radioimmunotherapeutics and companion diagnostics to treat cancer and severe COVID-19 (patients with SARS-CoV-2 infection); or 4) support continued development of MNPR-101, MNPR-202 and related compounds. If we are unable to raise enough funds within the next 12 months from the sale of our common stock or other financing efforts, or conclude a strategic agreement or collaboration such as out-licensing Validive or other product candidates, or enter into a clinical or commercial partnership, we will likely have to terminate one or more programs. There can be no assurance that we will find a suitable partner on satisfactory terms.
- We do not have and may never have any approved products on the market. Our business is highly dependent upon receiving marketing approvals from various U.S. and international governmental agencies and would be severely harmed if we are not granted approval to manufacture and sell our product candidates.
- Our clinical trials may not yield sufficiently conclusive results for regulatory agencies to approve the use of our products, which would adversely affect our financial condition.
- If we experience delays or difficulties in the enrollment of subjects in clinical trials, our receipt of necessary regulatory approvals will be delayed or prevented, which would materially delay our program schedules and adversely affect our financial condition.
- We rely on third parties to conduct our active pharmaceutical ingredient manufacturing, our drug product manufacturing, non-clinical studies, and our clinical trials. If these third parties do not or cannot successfully carry out their contractual duties and meet expected deadlines or performance goals, the initiation or conduct of our clinical trials would be delayed and we may be unable to obtain regulatory approval for, or commercialize, our current product candidates or any future products, and our financial condition would be adversely affected.
- The Russia-Ukraine conflict and resulting sanctions against Russia and Russian entities have increased fuel costs and may cause shipping delays and the broader economic, trade and financial market consequences are uncertain at this time, which may increase the cost of supplies for our clinical materials and may delay the manufacture of our clinical materials or make it more difficult or costly to raise additional financing, any of which could cause an adverse effect on our clinical programs and on our financial condition.
- We face significant competition from other biotechnology and pharmaceutical companies, in our targeted medical indications, and our operating results would be adversely affected if we fail to compete effectively. Many competitors have greater organizational capabilities in our industry, much higher available capital resources, and established marketing resources and sales in the targeted markets. Competition and technological change may make our product candidates obsolete or non-competitive.
- The termination of third-party licenses would adversely affect our rights to important compounds or technologies which are essential to market our products.
- If we and our third-party licensors do not obtain and preserve protection for our respective intellectual property rights, our competitors may be able to develop competing drugs, which would adversely affect our financial condition.
- If we lose key management leadership, and/or the expertise and experience of our scientific personnel, and if we cannot recruit qualified employees or other highly qualified and experienced personnel for future requirements, we would be at risk to experience significant program delays and increased compensation and operational costs, and our business would be materially disrupted.
- The ongoing COVID-19 pandemic could have a substantial negative impact on our business, financial condition, operating results, stock price and ability to raise additional funds.

**PART I**

**Item 1. Business**

You should read the following discussion in conjunction with our financial statements as of December 31, 2021, and the notes to such financial statements included elsewhere in this Annual Report on Form 10-K.

**Overview**

We are a clinical stage biopharmaceutical company focused on developing proprietary therapeutics designed to extend life or improve quality of life for cancer patients. We are building a drug development pipeline through the licensing and acquisition of oncology therapeutics in late preclinical and clinical development stages. We leverage our scientific and clinical experience to help reduce the risk and accelerate the clinical development of our drug product candidates.

During 2021, we made significant strides in our clinical development programs and commenced a global Phase 2b/3 clinical trial of our lead product candidate, Validive (clonidine hydrochloride mucobuccal tablet; clonidine HCl MBT), for the prevention of chemoradiotherapy (“CRT”)-induced severe oral mucositis (“SOM”) in patients with oropharyngeal cancer (“VOICE” trial). We also commenced a U.S.-based open-label, Phase 1b clinical trial of camsirubicin for the treatment of advanced soft tissue sarcoma (“ASTS”). We also continue to move forward with our three preclinical programs, which include MNPR-101, a urokinase plasminogen activator receptor (“uPAR”)-targeted antibody for the potential treatment of various cancers; MNPR-101 RIT, a radioimmunotherapeutic (“RIT”) based on MNPR-101 which continues development for the potential treatment of cancer and severe COVID-19 in collaboration with our partner, NorthStar Medical Radioisotopes, LLC; and MNPR-202, an analog of camsirubicin designed to potentially treat doxorubicin- and camsirubicin-resistant cancers which is being tested in preclinical models by our collaborator, the Cancer Science Institute of Singapore at the National University of Singapore.

To complete the VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial, we will require additional funding in the millions or tens of millions of dollars (depending on if we have consummated a collaboration or partnership or neither for Validive) which we are planning to pursue within the next 12 months. We also require additional funding to continue to develop camsirubicin through and beyond our ongoing Phase 1b clinical trial and to further fund our current and future product pipeline.

**Our Product Pipeline**



**Our Product Candidates**

**Validive (clonidine hydrochloride mucobuccal tablet; clonidine HCl MBT)**

Validive is designed to be used prophylactically to prevent SOM in patients undergoing CRT for oropharyngeal cancer (“OPC”). SOM is a painful and debilitating inflammation and ulceration of the mucous membranes lining the oral cavity and oropharynx in response to chemoradiation. The majority of patients receiving CRT to treat their OPC develop SOM, which remains one of the most common and devastating side effects of treatment in this indication. The potential clinical benefits to preventing SOM in patients include: reduced treatment discontinuations leading to potentially improved overall survival outcomes; reduced mouth and throat pain avoiding the need for feeding tube intervention; decreased long-term and often permanent debilitation arising from swallowing difficulties, neck and throat spasms, and lung complications due to food aspiration; and decreased reliance on pain medication. Our mucobuccal tablet (“MBT”) formulation is a novel delivery system for clonidine that allows for prolonged and enhanced local delivery of drug in the regions of mucosal radiation damage in patients with OPC. Validive has been granted fast track designation in the U.S., orphan drug designation in the EU, and has global intellectual property patent protection through mid-2029 not accounting for possible patent extensions.

In September 2017, we exercised an option to license Validive from Onxeo S.A., the company that developed Validive through its Phase 2 clinical trial. In the completed Phase 2 clinical trial, Validive demonstrated clinically meaningful efficacy signals within the 64-patient OPC population randomized to placebo, Validive 50 µg dose and Validive 100 µg dose. The absolute incidence of SOM in OPC patients who received a dose of Validive 100 µg once per day was reduced by 26.3% (incidence rate of 65.2% in placebo, 45.0% in Validive 50 µg group, and 38.9% in Validive 100 µg group). The median time to onset of SOM was 37 days in the placebo cohort; 45 days in the Validive 50 µg cohort and no median time of onset was reached in the Validive 100 µg group since fewer than half of this cohort of patients developed SOM. There was also a 37.8% reduction in the median duration of the SOM for the Validive 100 µg group versus placebo (41.0 days placebo group, 34.0 days Validive 50 µg group, and 25.5 days Validive 100 µg group) in patients that developed SOM. Median duration of SOM across all patients, inclusive of both those that did and did not develop SOM, was 17 days in the placebo group and 0 days in each of the Validive 50 and 100 µg groups. A positive dose response was seen in each of these three clinical endpoints. Additionally, patients in the Validive cohorts in the Phase 2 clinical trial demonstrated a safety profile similar to that of placebo. Onxeo’s promising preclinical studies and Phase 2 clinical trial have informed the design and conduct of what we believe will be an effective Phase 2b/3 and confirmatory Phase 3 clinical program.

SOM typically arises in the immune tissue at the back of the tongue and throat, which comprise the oropharynx, and consists of acute severe tissue damage and pain that prevents patients from swallowing, eating and drinking. Validive stimulates the alpha-2 adrenergic receptor (alpha-2AR) on macrophages (white blood cells present in the immune tissues of the oropharynx) suppressing pro-inflammatory cytokine expression. Validive exerts its effects locally in the oral cavity and oropharynx over a prolonged period of time through its unique MBT formulation. Patients who develop SOM are also at increased risk of developing late onset toxicities, including trismus (jaw, neck, and throat spasms), dysphagia, and lung complications, which are often irreversible and lead to increased hospitalization and the need for further interventions sometimes years after completion of CRT. We believe that the prevention of SOM by Validive will have the potential to reduce treatment discontinuation and/or treatment delays potentially leading to improved survival outcomes and reducing or eliminating these long-term morbidities resulting from CRT.

The OPC target population for Validive is the most rapidly growing segment of head and neck cancer (“HNC”) patients, with an estimated greater than 40,000 new cases of OPC in the U.S alone in 2021. The growth in OPC is driven by the increasing prevalence of oral human papilloma virus (“HPV”) infections in the U.S. and around the world. Despite the availability of a pediatric/adolescent HPV vaccine, the rate of OPC incidence in adults is not anticipated to be materially reduced for decades due to low adoption of the vaccine to date. As a result, the incidence of HPV-driven OPC is projected to increase for years to come and will continue to represent a clinical need for Validive for the prevention of CRT-induced SOM in patients with OPC since CRT is the standard of care treatment, and we anticipate that radiation will remain an important treatment modality for these patients for years to come.

Validive is an MBT of clonidine. The MBT formulation was developed to enhance drug delivery to the oral mucosa while minimizing systemic absorption. The Validive tablet is tasteless and odorless and is self-administered once daily by affixing it to the outside of the patient’s upper gum where it dissolves slowly over a period of several hours, resulting in the extended release of clonidine into the oral cavity and oropharynx, the sites of SOM following CRT for OPC. Validive treatment begins on the first day of CRT and continues daily through the last day of radiation.

The majority of patients receiving CRT to treat their OPC develop SOM, which is one of the most common and devastating side effects of treatment in this indication. We believe Validive has the potential to address several critical elements that affect SOM patients, including:

**Reduction in the incidence of SOM.** SOM can increase the risk of acute and chronic comorbidities, including dysphagia, trismus and lung complications, which are often irreversible and lead to increased hospitalization and the need for additional interventions. In a Phase 2 clinical trial, the OPC patient cohort treated with Validive 100 µg demonstrated a reduction in the absolute incidence of SOM compared to placebo of 26.3% (incidence rate of 65.2% in placebo, 45.0% in Validive 50 µg group, 38.9% in Validive 100 µg group). A reduced incidence of SOM in OPC patients may lower the risk of acute and chronic comorbidities, and improve clinical outcomes and quality of life.

**Delay in the time to onset of SOM.** SOM can cause cancer treatment delay and/or discontinuation, which seriously impacts overall survival outcomes. In the Phase 2 clinical trial, OPC patients had a time to onset of SOM of 37 days in the placebo cohort; 45-day time to onset of SOM in the Validive 50 µg cohort; and a median time was not reached in the Validive 100 µg group as fewer than half of the patients developed SOM. Prolonging time to onset of SOM typically leads to fewer missed CRT treatments, resulting in improved overall survival outcomes.

**Decrease in the duration of SOM.** Longer duration of SOM leads to a higher risk of the need for parenteral nutrition and lower quality of life. SOM patients experience difficulty or inability to drink and/or eat, and difficulty in swallowing often results in malnourishment and feeding tube intervention. The Phase 2 clinical trial data demonstrated a 15.5-day reduction (by 37.8%) in the duration of SOM for patients treated with Validive 100 µg (41-day median duration with placebo, 34 days with the Validive 50 µg group, and 25.5 days for the Validive 100 µg group) in patients that developed SOM. Median duration across all patients, inclusive of both those that did and did not develop SOM, was 17 days in the placebo group and 0 days in each of the Validive 50 µg and 100 µg groups. Reduced duration of SOM has the capacity to result in lower risk of malnourishment and feeding tube intervention, and fewer treatment terminations/delays.

While not designed by us, Onxeo’s promising preclinical studies and Phase 2 clinical trial have informed the design and conduct of what we believe will be an effective Phase 2b/3 (VOICE) clinical trial.



Given the COVID-19 pandemic and its effects on clinical trials, we have adjusted our clinical development plan accordingly to fit what is feasible in the current environment. We have simplified the design of the previously planned Phase 3 clinical trial for Validive for the prevention of CRT-induced severe oral mucositis in patients with oropharyngeal cancer (“VOICE”), to a seamless Phase 2b/3 design. This design is based on a binary primary endpoint, incidence of SOM, and minimizes touch points with the clinical trial sites and patients. Validive is a once daily self-administered mucoadhesive tablet which can be taken in the patient’s home setting. The VOICE trial (NCT04648020) is randomized, placebo-controlled and double blinded and allows a sample size adjustment for the Phase 3 portion of the trial if supported by the interim analysis at the end of Phase 2b, anticipated to be mid-2022. Based on findings extracted from public reporting of recently completed SOM trials, we are presently evaluating potential enhancements to and exact timing of the interim analysis. As of March 11, 2022, the VOICE trial had 44 active clinical trial sites in the U.S. and Europe and continues to open additional sites globally. The entire trial has been designed to enroll up to 260 evaluable patients. This modification in design allowed us to activate and commence dosing the VOICE trial in early 2021 without requiring near-term financing.

To complete the Phase 3 portion of the VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial, we will require additional funding in the millions or tens of millions of dollars (depending on if we have consummated a collaboration or partnership or neither for Validive), which we are planning to pursue within the next 12 months. Validive has been granted fast track designation in the U.S., orphan drug designation in the EU, and has global intellectual property patent protection through mid-2029 not accounting for possible patent extensions

#### *Validive U.S. Market Opportunity*

The incidence of HNC (all anatomical types, including larynx, oral cavity, oropharynx, etc.) in the U.S. was estimated to be approximately 65,630 cases in 2020 (American Society of Clinical Oncology, cancer.net). The most rapidly growing type of HNC is OPC. The oropharynx is comprised largely of immune tissue and includes the soft palate, the base (rear one third) of the tongue, and the tonsils. In the U.S., the incidence of OPC is estimated to be greater than 40,000 cases in 2021. The majority of these OPC patients (approximately 70%) are human papilloma virus positive (“HPV+”). The incidence of OPC is also increasing in the rest of the world (>30% of HNC), with >50% of all OPC being HPV+. While certain types of HNC have been in decline in the U.S., such as laryngeal cancer as a result of a reduction in the smoking population, the total incidence of HNC has been growing steadily primarily due to OPC. The increase in OPC is directly associated with increased infection with the human papilloma virus. The incidence of HPV+ OPC has outpaced the incidence of HPV– HNC by 4-5-fold over the past decade. This trend of HPV+ OPC driving an increase in overall HNC is expected to continue for some time as the relatively recent introduction of a vaccine designed to prevent the transfer and colonization with HPV is only effective if administered prior to infection, and until October 2018, it was only recommended for those under the age of 26 (newer U.S. Food and Drug Administration (“FDA”) guidelines include those up to age 45). Even for those under the age of 26 who are eligible for the vaccine, oral HPV infections are predicted to increase due to the lack of adequate use of HPV vaccinations. Approximately 50% of eligible females and 33% of eligible males are presently being vaccinated.

Most OPC is caused by the HPV16 strain, with virus detectable in the tumor. More than 3% of adult men and 1% of adult woman have HPV16 detectable in their saliva at any one time. The virus is transmitted through sexual contact and CDC estimates 10% of men and 3.6% of women in the U.S. have an active oral HPV infection. The latency period for that proportion that do go on to develop HPV+ OPC is 15-20+ years. This HPV+ OPC population is expected to be a long-term driver of the incidence of OPC, and the resultant SOM associated with what is frequently curative therapy for this serious malignancy.

In previous studies describing SOM in OPC patients receiving the CRT regimen we are using in our VOICE clinical program, patients had a SOM incidence rate of 55-90% across studies. In the Validive Phase 2 trial, the incidence of SOM in OPC patients receiving placebo was 65.2% (see “*Validive Phase 2 Clinical Trial Data*” section below). Currently there is no way to predict which patients will develop SOM, so any active preventive treatment for SOM will likely be used in most OPC patients receiving CRT. With the consistently growing incidence of OPC as a result of the human papillomavirus, there is the potential for a substantial and growing market for Validive.

*Validive Mechanism of Action*

Validive is designed to deliver high local concentrations of clonidine, an agonist of alpha-2AR, to the oral cavity and oropharynx, the site of irradiation in the treatment of OPC. In the oropharynx, alpha-2AR is expressed on macrophages, immune cells that produce inflammatory cytokines, the molecules that are responsible for the development of SOM, in response to CRT. Several published clinical reports have demonstrated that chemoradiation treatment substantially increased salivary cytokine levels and a recent study demonstrated that these were positively associated with the formation of SOM in patients with head and neck cancer. Patients with HPV+ OPC demonstrate an increased accumulation of macrophages in the tumor microenvironment compared to patients with OPC that were negative for human papilloma virus (“HPV-”), thus further priming HPV+ OPC patients for the development of SOM. The alpha-2AR regulates the expression of cytokines by macrophages, and clonidine reduces this cytokine production. Macrophages are the primary immune cells in the oropharynx that express alpha-2AR, making clonidine’s mechanism of cytokine suppression macrophage selective and distinct from the mechanism of other anti-inflammatory drugs. Further, Validive delivers clonidine to the mucosal surface, the site most affected by chemoradiation treatment in OPC. This results in high salivary concentrations of clonidine, minimizing systemic absorption, and allowing for maximal exposure the at-risk oral mucosa and the OPC microenvironment to drug. Preclinical studies and a Phase 2 clinical trial of Validive have provided data that support Validive’s mechanism of action and therapeutic potential for reducing the incidence of SOM in patients with OPC, improving oral mucositis-related symptoms, and decreasing CRT-related adverse events, while exhibiting a favorable safety profile and high compliance rate in patients.

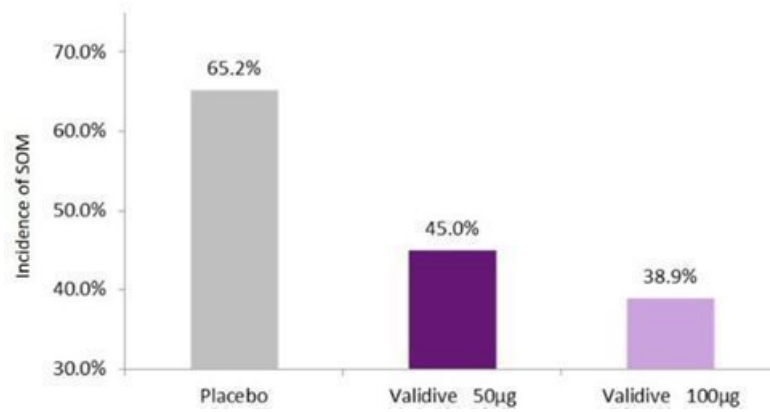
*Validive Phase 2 Clinical Trial Data*

In October 2015, the results from an international Phase 2 clinical trial of Validive were announced, demonstrating promising signs of clinical activity and safety compared to placebo. The trial enrolled 183 HNC patients and was conducted in more than thirty centers in Europe and the United States. Patients who had undergone surgical resection of their head and neck cancer with curative intent and who were planned to receive at least 50 Gray (Gy) of radiation in combination with chemotherapy, regardless of anatomical location of disease, were included in this study. This global, multi-center, double-blind, randomized, placebo-controlled, three-arm study (NCT01385748) compared the efficacy and safety of Validive 50 µg and 100 µg to placebo in patients with HNC receiving CRT. Of the 183 HNC patients, 64 had OPC (placebo = 24, Validive 50 µg = 21, Validive 100 µg = 19). Validive and placebo were administered once daily beginning 1 to 3 days prior to CRT and continuing until the end of chemoradiation.

We believe the Phase 2 clinical trial data support the development of Validive for the prevention of SOM in OPC patients. The analysis of OPC patients in this study showed:

- The incidence of SOM (primary endpoint) was reduced by 26.3% (40% relative to placebo) in OPC patients treated with Validive 100 µg (p=0.09, a meaningful trend but not statistically significant). 65.2% of OPC patients on placebo experienced SOM compared to only 38.9% of OPC patients on Validive 100 µg.

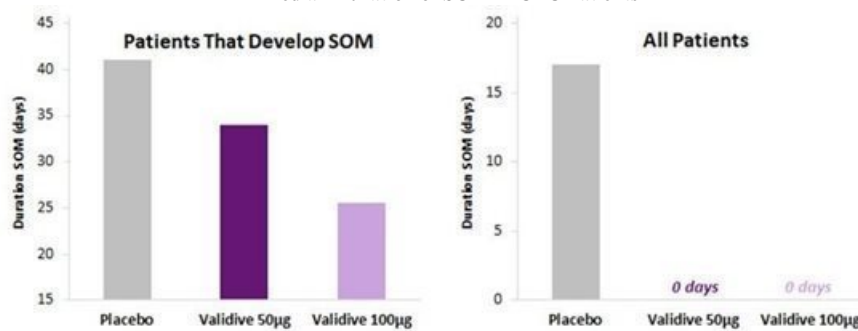
■ Incidence of SOM in OPC Patients



Validive has demonstrated reduced incidence of SOM in a Phase 2 clinical trial (p=0.09)

- Patients on Validive experienced a delay in the time to onset of SOM. Patients receiving placebo experienced a median time to onset of SOM of 37 days; patients receiving Validive (50 µg one per day) experienced a 45-day median time to onset of SOM; and patients receiving Validive (100 µg once per day) did not reach a median time to onset. A comparison of hazards for time to onset demonstrated that patients that received Validive 100 µg had a hazard ratio (HR)=0.48 compared to placebo.
- Patients receiving Validive experienced a decrease in the median duration of SOM. In patients that developed SOM, a 15.5-day reduction (by 37.8%) in the median duration of SOM was observed in patients treated with Validive 100 µg (41-day median duration with placebo, 34 days in the Validive 50 µg group, and 25.5 days in the Validive 100 µg group). Median duration across all patients, inclusive of both those that did and did not develop SOM, was 17 days in the placebo group and 0 days in each of the Validive 50 and 100 µg groups.

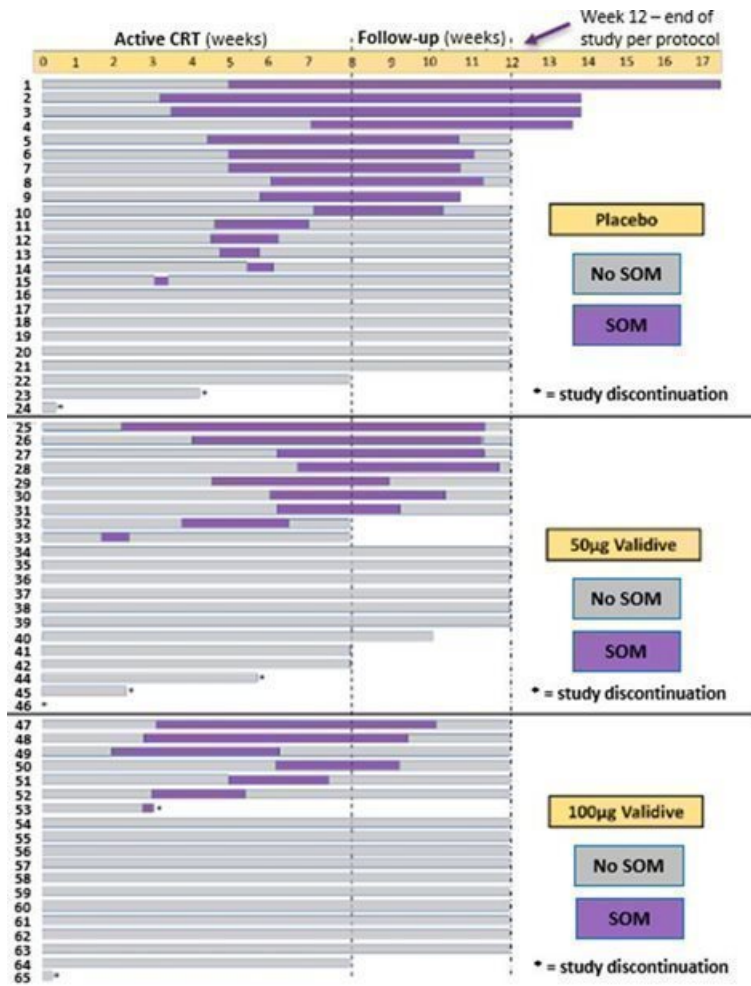
■ Median Duration of SOM in OPC Patients



Validive decreased duration of SOM in a Phase 2 clinical trial

- Severe drinking, eating, and speaking limitations due to mouth and throat soreness (“MTS”) score were also reduced in the Validive 100 µg treated cohort.
- Improvements in other indicators of clinical benefit, including decreased weight loss, decreased opiate use and increased cumulative dose of radiation received, strongly favored the Validive 100 µg treated group.
- A dose response was observed with the Validive 100 µg dose, demonstrating a trend toward superiority over the Validive 50 µg dose as well as placebo. Individual patient-level data supports advancing the Validive 100 µg dose into Phase 2b/3.

Individual Patient Data Showing Incidence, Time to Onset, and Duration of SOM in OPC patients Treated with Placebo and Two Different Doses of Validive (50 and 100 µg/day)



For the full 183-patient Phase 2 population, which included various types of head and neck cancer such as oral and laryngeal cancer in addition to OPC, the incidence of SOM was lower in patients treated with Validive (45.3% when the 50 and 100 µg dose groups were pooled together) than in patients receiving placebo (60.0%) (p = 0.064). Additionally, Validive was very well tolerated, with the occurrence of adverse events of any type or grade being similar between placebo and Validive treated groups. Patients treated with Validive experienced less nausea and dysphagia compared to placebo. No clinically meaningful decreases in systolic blood pressure or diastolic blood pressure were noted between the placebo and Validive arms. There was no statistical difference in the number of patients having experienced at least one treatment emergent adverse event related to the study treatment between placebo and Validive as summarized in the table below. Two patients in the placebo group and 2 patients in the Validive 50 µg group experienced a serious treatment-emergent adverse event (“STEAE”). No STEAEs were observed in the Validive 100 µg cohort. No patients in the Validive-treated cohorts were discontinued due to study drug. The 2-year survival rate was not statistically different between patients treated with placebo and Validive indicating that Validive did not interfere with primary disease treatment.

**All Serious Treatment-Emergent Adverse Events Related to Study Drug**

<b>System Organ Class</b>	<b>Preferred Term</b>	<b>Placebo (n=62)</b>	<b>Clonidine MBT 50µg (n=55)</b>	<b>Clonidine MBT 100µg (n=64)</b>
Vascular Disorders	Hypertension	0 (0%)	2 (3.6%)	0 (0%)
Gastrointestinal Disorders	Dysphagia	1 (1.6%)	0 (0%)	0 (0%)
Metabolism and Nutritional Disorders	Dehydration	1 (1.6%)	0 (0%)	0 (0%)
<b>All</b>	<b>All</b>	<b>2 (3.2%)</b>	<b>2 (3.6%)</b>	<b>0 (0%)</b>

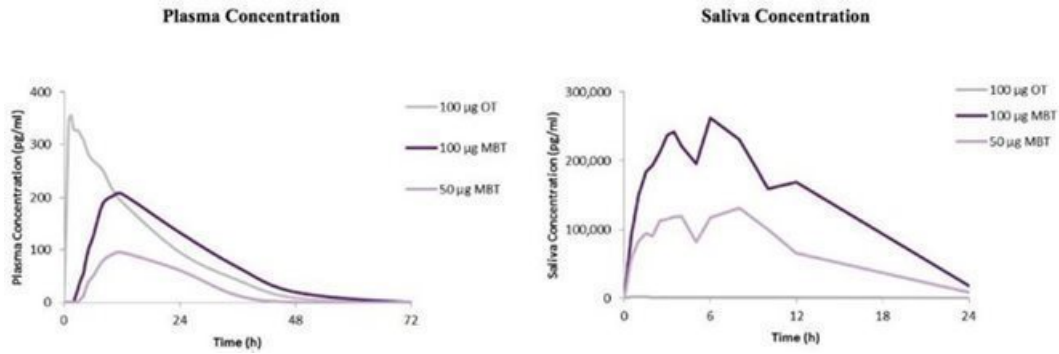
*MBT=mucoadhesive buccal tablet; n=number of patients studied*

The mean overall patient compliance as assessed by the investigators was approximately 90%, and similar across all treatment groups. Overall compliance according to patient diaries was also similar in all treatment groups and consistent with the compliance according to the investigator’s evaluation. The mean incidence of swallowing the MBT was low (4.7%) for all patients based on 7,366 daily MBT applications across all treatment groups.

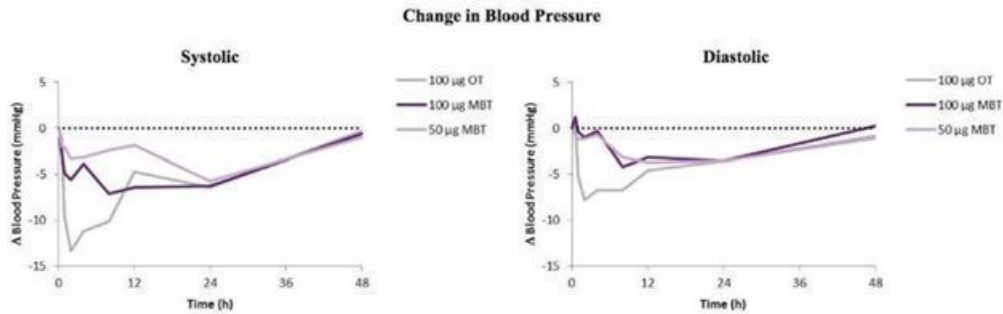
Our review of the Phase 2 clinical trial data suggests that the effect of Validive was much greater in OPC compared to non-OPC patients. We believe the Phase 2 data along with the mechanism of action of Validive provide a rationale for developing Validive for the treatment of chemoradiation induced SOM in OPC patients as a first indication. The most rapidly growing sub-population of HNC in the U.S. and Europe is OPC, largely driven by HPV+ disease. The oropharynx is the part of the throat at the back of the mouth, which includes the soft palate, the base (rear one third) of the tongue, and the tonsils. HPV+ OPC is a molecularly defined population of HNC characterized by the expression of a protein biomarker, p16 INK4a, and the presence of HPV DNA in the tumor. Evaluation of HPV status is part of the routine clinical assessment of patients with OPC prior to initiating treatment.

*Validive Phase 1 Clinical Trial Data*

A Phase 1 clinical trial in 36 healthy volunteers comparing the pharmacokinetics of the systemic (oral tablet) clonidine HCl with clonidine MBT (local and sustained delivery of clonidine to oral mucosa and oropharynx – Validive’s formulation) was completed. This was a single-center, Phase 1, single-blind randomized, three-period, three-sequence, single-dose crossover study was conducted between August and November 2015. Healthy volunteers receiving Validive had far less systemic exposure to clonidine with the 50 µg and 100 µg clonidine MBTs (Validive) versus 100 µg clonidine HCl tablets (swallowed oral tablet). In contrast, levels of clonidine in saliva in volunteers receiving a single dose of 50 µg and 100 µg clonidine MBT (Validive) was much greater than saliva levels in volunteers receiving a single dose of 100 µg clonidine HCl tablets. Additionally, no significant effects on blood pressure were observed with the clonidine MBTs (Validive). Blood pressure effects were tested because clonidine is known to lower blood pressure when absorbed systemically. These results are consistent with the expectation that the MBT formulation (Validive) is designed to release clonidine in the oral cavity and oropharynx, as opposed to distributed systemically.



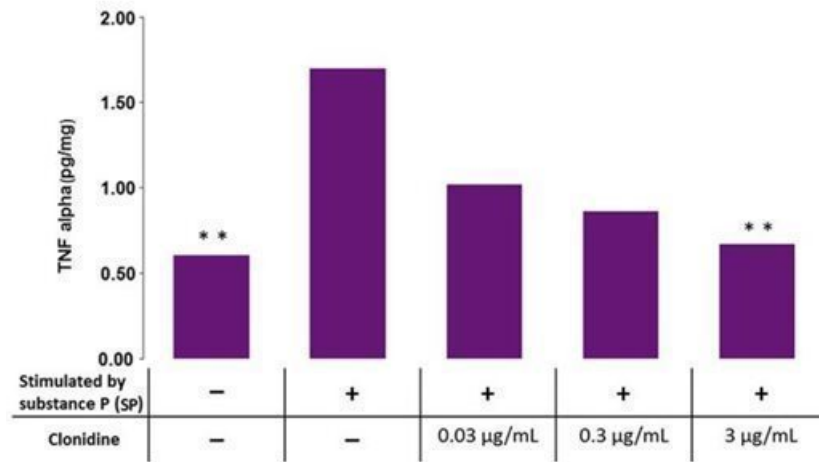
Both Validive 50 µg and 100 µg showed high salivary exposure (as seen above), with low systematic and blood pressure effect (as seen below):



*Validive Preclinical Data*

The anti-inflammatory properties of clonidine were studied in a human oral mucosa organotypic culture model, as pro-inflammatory cytokines are believed to drive the development of SOM. Samples of healthy non-keratinized human oral mucosa were obtained from patients undergoing surgery. The experimental oral mucosa pro-inflammatory process was mediated by the addition of neuropeptide substance P ("SP") to the culture medium. The addition of SP on human gingiva induced a significant increase in TNF-alpha, an important pro-inflammatory molecule involved in mucositis pathogenesis. Overall, on human gingiva stimulated by SP, a concentration dependent decrease in TNF-alpha production was observed with clonidine, which was statistically significant at 3 µg/ml clonidine; see below:

**Clonidine Inhibits the Production of Pro-Inflammatory Cytokine Release from Oral Tissue**



\*\* = different from SP treatment alone, p<0.01

**Camsirubicin (5-imino-13-deoxydoxorubicin; formerly MNPR-201, GPX-150)**

Our second product candidate, camsirubicin, is a novel analog of doxorubicin which has been designed to reduce the cardiotoxic side effects generated by doxorubicin while retaining anti-cancer activity. A Phase 2 clinical trial for camsirubicin has been completed in patients with advanced (e.g., unresectable or metastatic) soft tissue sarcoma (“ASTS”). Average life expectancy for these patients is 12-15 months. In this study, 52.6% of patients evaluable for tumor progression demonstrated clinical benefit (partial response or stable disease), which was proportional to dose and consistently observed at higher cumulative doses of camsirubicin (>1000 mg/m<sup>2</sup>). Camsirubicin was very well tolerated in this study and underscored the ability to potentially administer camsirubicin without restriction of cumulative dose in patients with ASTS. Although doxorubicin has been the standard of care treatment for ASTS for over 40 years, doxorubicin is limited to a lifetime cumulative dose maximum of 450 mg/m<sup>2</sup>. Even if a patient is responding to doxorubicin, their treatment is discontinued once this lifetime cumulative dose has been reached.

Camsirubicin is a proprietary doxorubicin analog that is selective for topoisomerase II-alpha. Doxorubicin is used to treat adult and pediatric solid and blood (hematologic) cancers, including soft tissue sarcomas, breast, gastric, ovarian and bladder cancers, leukemias and lymphomas. Despite clinical studies demonstrating the anti-cancer benefit of higher cumulative doses of doxorubicin, the clinical efficacy of doxorubicin has historically been limited by the risk of patients developing irreversible, potentially life-threatening cardiotoxicity. For example, several clinical studies completed in the 1990s demonstrated that concurrent doxorubicin (60 mg/m<sup>2</sup>, 8 cycles) and paclitaxel gave a 94% overall response rate in patients with metastatic breast cancer but led to 18% of these patients developing congestive heart failure. Reduction of doxorubicin to 4-6 cycles of treatment decreased the incidence of congestive heart failure, but also reduced response rates to 45-55%. In a clinical study looking at dose response, sarcoma patients on the high dose (75 mg/m<sup>2</sup>) doxorubicin had a response rate of 37% compared to just 18% in the low dose (45 mg/m<sup>2</sup>) doxorubicin group. With the cumulative dose restriction on doxorubicin, the median progression free survival for ASTS patients is approximately 6 months, with median overall survival of 12-15 months. There is a significant unmet opportunity to develop a replacement for doxorubicin that can be dosed higher and for longer to improve anti-tumor activity

Camsirubicin has been engineered specifically to retain the anticancer activity of doxorubicin while minimizing its toxic effects on the heart. Similar to doxorubicin, the antitumor effects of camsirubicin are mediated through the stabilization of the topoisomerase II complex after a DNA strand break and DNA intercalation leading to tumor cell apoptosis (cell death). Inhibiting the topoisomerase II-alpha isoform is desired for the anti-cancer effect, while inhibiting the topoisomerase II-beta isoform has been demonstrated to mediate, at least in part, the cardiotoxicity associated with all anthracycline drugs currently used in the clinic. Camsirubicin is substantially more selective than doxorubicin for inhibiting topoisomerase II-alpha versus topoisomerase II-beta. This selectivity may partly explain the minimal cardiotoxicity that has been observed for camsirubicin in preclinical and clinical studies to date. We believe that these attributes provide a strong rationale for developing camsirubicin as a monotherapy as well as in combination with other anticancer agents, without potential restrictions on cumulative dose, and offer the opportunity to pursue a large market opportunity for camsirubicin in a broad spectrum of cancer types.

Based on the encouraging clinical results to date, in September 2021, we commenced an open-label, Phase 1b dose escalation trial of camsirubicin plus growth factor support (pegfilgrastim/G-CSF) in the U.S. as first-line treatment for patients with ASTS. The aim is to administer camsirubicin without restricting cumulative dose, thereby potentially improving efficacy by keeping patients who are responding on treatment. These are patients who are not candidates for surgery or radiation treatment, and are largely made up of patients with metastatic disease. Doxorubicin is the current standard of care in the first-line setting for these patients. We have enrolled two dose-level cohorts to-date, and we continue to enroll patients in the Phase 1b dose escalation trial in ASTS patients to evaluate higher doses of camsirubicin than have been used in the previous Phase 1 and Phase 2 trials. We are currently enrolling the third dose-level cohort. Although this Phase 1b is designed to determine the maximum tolerated dose of camsirubicin, given the historical dose-dependent anti-tumor response repeatedly demonstrated with doxorubicin, efficacy measurements are being tracked in these patients as the dose is increased. We believe we have funds which could be sufficient to obtain topline results from the Phase 1b clinical trial, but this may not be the case if camsirubicin reaches even higher dose levels than we are anticipating. Additional funding is expected to be required to support further development through and beyond our ongoing Phase 1b clinical trial.

In June 2019, we entered into a clinical collaboration with Grupo Español de Investigación en Sarcomas (“GEIS”). GEIS is an internationally renowned non-profit organization focused on the research, development and management of clinical trials for sarcoma, that has worked with many of the leading biotech and global pharmaceutical companies. Following completion of our Phase 1b clinical trial, we expect that GEIS will lead a multi-country, randomized, open-label Phase 2 clinical trial evaluating camsirubicin head-to-head against doxorubicin in patients with ASTS. The Phase 2 clinical trial is estimated to enroll 170 ASTS patients with the primary endpoint of the trial being progression-free survival, with secondary endpoints including response rate, overall survival and incidence of treatment-emergent adverse events. We will provide study drug to GEIS and supplemental financial support for the clinical trial. In addition to camsirubicin’s orphan drug designation in the U.S. by the FDA, the European Commission also granted orphan drug designation for camsirubicin for the treatment of soft tissue sarcoma in the EU in November 2019.

#### *Camsirubicin U.S. Market Opportunity*

Camsirubicin is an analog of doxorubicin, the first anthracycline to gain FDA approval. Anthracyclines are a class of drugs that are among the most commonly used agents in the treatment of cancer. They have demonstrated efficacy in a wide variety of cancers, including soft tissue sarcoma, breast cancer, lung cancer, ovarian cancer, and lymphomas, among other types. Although doxorubicin was approved decades ago, it is still widely used. According to QY Research, in 2020 the global doxorubicin market was \$1.1836 billion, and expected to grow at a 7.7% compounded annual growth rate, with projections surpassing \$1.8 billion by 2026. According to IMS Health (now known as IQVIA), in 2015 the European Union had over \$270 million in sales between doxorubicin HCl and liposomal doxorubicin. Liposomal versions of doxorubicin (e.g., Doxil<sup>®</sup>) demonstrated that a different formulation of doxorubicin with improved clinical benefits can command a significantly higher price premium compared to generic doxorubicin HCl.

The market opportunity for the first indication, ASTS, is anticipated to be substantial. In 2020, there were an estimated 13,130 new cases of soft tissue sarcoma (STS) in the U.S., and approximately 5,350 deaths from STS, mainly from metastatic disease. Additionally, a few years ago a PDGFR-targeted antibody (olaparumab) was granted accelerated approval based on data from an open label Phase 2 trial. In 2019, the olaparumab Phase 3 trial as first line for advanced soft tissue sarcoma came back negative, resulting in the drug being pulled from the market. Olaparumab had just completed its second full year on the market in the U.S. and abroad before being pulled, reaching over \$304 million in sales in 2018, demonstrating the large unmet medical need and considerable market opportunity in ASTS.



*Camsirubicin Clinical Data*

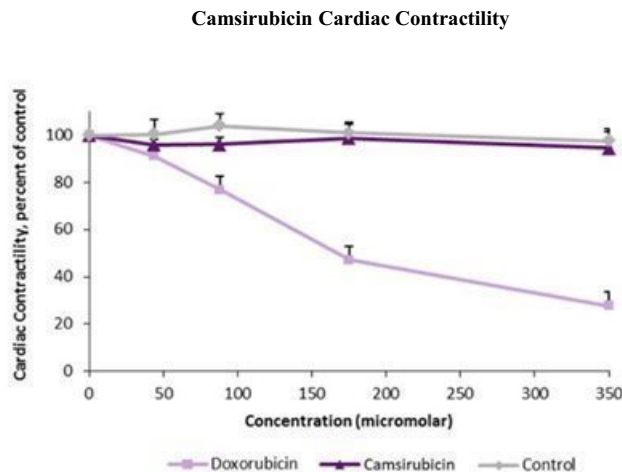
Several clinical studies of camsirubicin have been completed.

In October 2013, a Phase 1 dose escalation study conducted at the University of Iowa completed enrolment of 24 patients who received one of eight different dose levels of camsirubicin ranging from 14 to 265 mg/m<sup>2</sup>. No evidence of irreversible cardiotoxicity was observed in any of these patients, including 4 patients who received prior anthracycline (doxorubicin or related molecules) treatment. Stable disease was observed in 55.0% of patients in this Phase 1 study, including 3 out of 4 patients with leiomyosarcoma, which is a type of soft tissue sarcoma that originates in connective tissue and smooth muscle most commonly in the uterus, stomach and small intestine. No growth factor support (G-CSF) was given to patients, and the limiting toxicity was neutropenia.

In January 2015, a multi-center open label single arm Phase 2 clinical trial was initiated in doxorubicin-naïve patients with ASTS. This Phase 2 clinical trial enrolled 22 patients and was completed in August 2016. Camsirubicin was administered intravenously at 265 mg/m<sup>2</sup> every 3 weeks for up to 16 doses, with all patients being given growth factor support, and there was clear indication of anticancer activity at this well-tolerated dose and schedule. The majority of patients (52.6%) evaluable for tumor progression demonstrated clinical benefit (stable disease or partial response), which was proportional to dose and consistently observed at higher cumulative doses of camsirubicin (>1000 mg/m<sup>2</sup>). The progression-free survival at 6 months was 38%, higher than the 6-month PFS of doxorubicin in three recent studies, which showed 23%, 25%, and 33% 6-month PFS for doxorubicin. Camsirubicin was very well tolerated in this study and underscored the potential ability to administer camsirubicin without restriction for cumulative dose in patients with ASTS. Under compassionate use access, one patient received 20 cycles of camsirubicin (cumulative dose 5,300 mg/m<sup>2</sup>). Apart from one patient who developed febrile neutropenia and severe leukopenia, there were no grade 4 toxicities reported and no grade 3 side effects other than anemia. A transient decrease in left ventricular ejection fraction (“LVEF”) was observed in four patients treated with camsirubicin. These decreases in LVEF in camsirubicin treated patients were not serious adverse events and were transient, with LVEF subsequently returning to normal levels in all four subjects. Despite some subjects in this study receiving camsirubicin for up to 20 cycles, effects on cardiac function were of no clinical significance and there was no evidence of irreversible heart failure in any subject.

*Camsirubicin Preclinical Data*

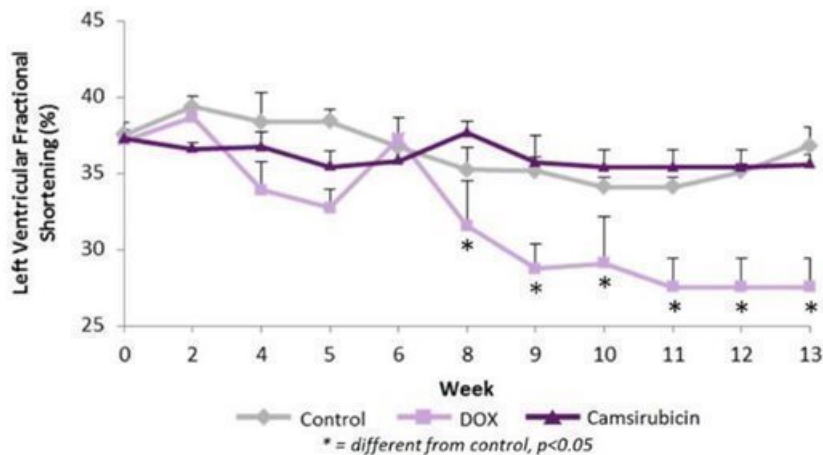
In preclinical studies, camsirubicin showed a lack of acute as well as chronic functional cardiotoxicity and did not cause the cardiac histopathologic lesions observed with doxorubicin in a chronic rabbit model. Below is *in vitro* data showing the lack of altered contractility with acute exposure of rabbit atria to camsirubicin, even at high concentrations:



**Camsirubicin demonstrated limited effect on cardiac contractility, in-line with control**

Chronic IV administration of camsirubicin two times per week into rabbits over the course of 13 weeks also showed a lack of cardiotoxicity of camsirubicin when compared to doxorubicin (“DOX”). Echocardiography was performed weekly to obtain left ventricular fractional shortening (“LVFS”) measurements to assess cardiac function. At sacrifice, all six doxorubicin-treated rabbits showed cardiac dysfunction by echocardiography, and LVFS was significantly different from control values (p<0.001). In contrast, none of the camsirubicin-treated rabbits exhibited cardiac dysfunction by echocardiography at any time during the study. Below is a graph of the results:

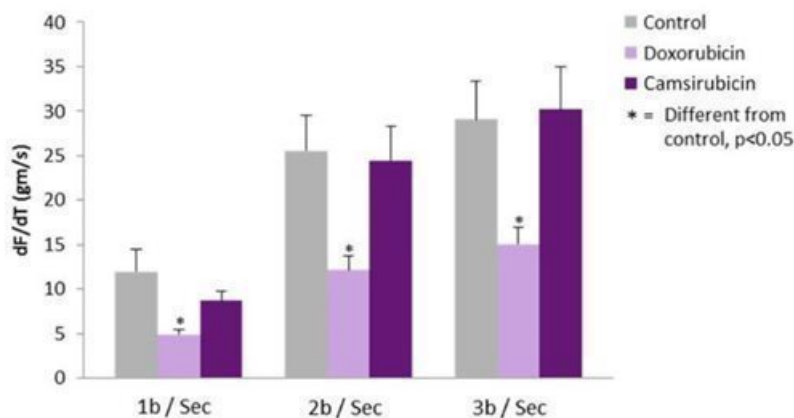
Weekly Cardiac Echoes



None of the camsirubicin treated rabbits showed significant cardiac dysfunction compared to the vehicle control.

At the conclusion of the 13 weeks of drug dosing, the rabbits were sacrificed, and the left atria were studied to assess cardiac function *ex vivo*. Atria from the doxorubicin-treated rabbits had impaired cardiac contractility (dF/dt) compared to controls over the entire force-frequency range (1, 2 and 3 Hz). Cardiac contractility for the camsirubicin treated cohort was not significantly different than the vehicle control. Below is a graph of the results:

Camsirubicin Cardiac Contractility



Cardiac contractility (dF/dt) of isolated atria at the three contraction rates (1, 2, and 3 contractions/sec) obtained from rabbits chronically infused with either doxorubicin, camsirubicin or saline vehicle (control).

Values are mean, error bars are standard error of the mean (SEM). Camsirubicin demonstrated limited effect on cardiac contractility, in-line with placebo.

Finally, cardiac scoring of the left ventricle walls obtained from the rabbits in this study by a histopathologist showed increased microscopic injury in hearts from doxorubicin-treated rabbits compared to hearts from rabbits administered the vehicle control. Heart tissues from camsirubicin-treated rabbits were the same as the vehicle controls.

**MNPR-101 (formerly huATN-658) and MNPR-101 RIT**

Our third program, MNPR-101 (formerly huATN-658), is a novel first-in-class humanized monoclonal antibody to the urokinase plasminogen activator receptor (“uPAR”). MNPR-101 and compounds based on it have potential in a variety of cancers as well as in severe COVID-19. uPAR is highly expressed in tumors while healthy tissue rarely, if ever, expresses uPAR. In the context of COVID-19, uPAR cell surface expression is upregulated on aberrantly activated immune cells (i.e., macrophages), which then produce inflammatory molecules called cytokines that contribute to the severe symptoms observed in COVID-19. The expression of uPAR on diseased cells and tissues allows for selective targeting of MNPR-101, which may be modified to carry therapeutic payloads.

MNPR-101 represents a novel approach for drug targeting of uPAR as it does not interfere with normal binding of uPA to uPAR. It instead blocks the CD11b (alpha-M)-uPAR interaction. MNPR-101 is believed to have potential activity against many different cancer types and respiratory diseases including severe COVID-19 because it:

- is selectively expressed on metastatic tumor, tumor-associated immune, and angiogenic endothelial cells, but not on most normal cells. Several Phase 1 positron emission tomography (“PET”) imaging studies in human advanced cancer patients show that uPAR can only be detected in the tumor and not in normal tissues;
- is central to several extracellular and intracellular oncogenic pathways required for metastasis (inhibiting the uPA system in turn inhibits many other downstream targets, such as MAPK, AKT, MEK, and FAK, that are currently being targeted by other companies);
- is expressed on immune cells that allow the tumor to evade recognition by the immune system;
- is expressed by aberrantly activated immune cells in the context of respiratory disease and chronic inflammation (i.e., severe COVID-19);
- mediates antibody-dependent cellular cytotoxicity (ADCC); and
- has the potential to interfere at several different signaling pathways that converge at uPAR.

Based upon the anticipated non-overlapping toxicity and distinct mechanism of action, we plan to develop MNPR-101 in combination with existing cancer therapies. The selective expression of uPAR in tumors underpins our expectation that MNPR-101 will be well-tolerated and amenable to a variety of treatment approaches, including combinations with existing treatments, radiopharmaceutical, and antibody-drug conjugate approaches. Published preclinical data have shown the ability of MNPR-101 to enhance the anti-tumor activity of chemotherapies such as paclitaxel and gemcitabine. The expression and targeting of uPAR, in general, also suggests that MNPR-101 may combine with other targeted agents that mediate signaling leading to tumor growth including the ability of tumors to evade immune response. In particular, uPAR is selectively expressed on cells of the myeloid lineage, such as myeloid derived suppressor cells, neutrophils and macrophages, all of which drive tumor progression and may mediate resistance to immune checkpoint inhibitors. Our current thinking is to run a Phase 1a/1b trial in indications where uPAR expression is highly prevalent, and explore novel combinations in the Phase 1b portion. These indications could include glioblastoma, metastatic melanoma, pancreatic, metastatic breast and ovarian cancers.

MNPR-101 as a Potential Imaging Agent

Beyond the potential use of MNPR-101 as a therapeutic, the selectivity of uPAR expression in human cancer also makes it an attractive target for the development of imaging agents for the diagnosis and surveillance of a wide variety of cancer types. In collaboration with colleagues at Leiden University Medical Center (“LUMC”), a multimodal imaging probe developed using the MNPR-101 antibody backbone was tested *in vivo* in human bladder cancer models. Frequent expression of uPAR in bladder cancer (>96%) has been demonstrated to be localized at the tumor periphery. The results in the bladder cancer models suggest that using an imaging probe derived from MNPR-101 may allow surgeons to better visualize the borders of the tumor, potentially resulting in more complete tumor resection and thereby minimizing relapse. Similar approaches have been utilized successfully in the resection of other tumor types, such as breast cancer, and are now commercially available.

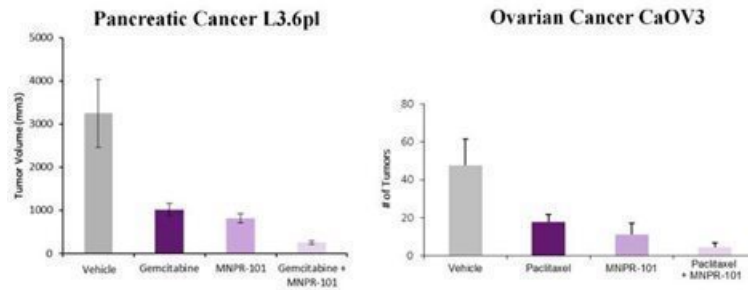
Bladder cancer is often treated with transurethral resection to remove cancerous tissue; however, many resections are incomplete, and recurrence can occur in up to 78% of patients within 5 years. Up to 40% of recurrent cases develop muscle invasive disease, which has a poor prognosis and requires complete removal of the bladder. Many patients with muscle-invasive bladder cancer go on to develop and succumb to metastatic disease. A publication in the *European Journal of Cancer* (Baart et al. 2021) reported that high expression of uPAR in bladder cancer is localized at the tumor periphery, suggesting that using a fluorescent-conjugated MNPR-101 probe might allow surgeons to better visualize the borders of the tumor, potentially resulting in more complete tumor resection and thereby minimizing relapse. Similar approaches have been utilized successfully in the resection of other tumor types, such as breast cancer.

uPA and its receptor uPAR work together to drive aggressive tumor invasion, leading to metastasis, morbidity, and mortality in breast and other cancers. However, the amount of uPA in tumor is difficult to measure and currently requires a substantial amount of fresh frozen tissue. In a recent peer-reviewed publication, our antibody fragment (ATN-291 F(ab')<sub>2</sub>) conjugated to a copper radiotracer enabled rapid PET visualization of tumors with uPA overexpression in a human breast cancer model in mice. PET imaging may expand the current application of uPA as a breast cancer biomarker non-invasively without the need to obtain substantial amounts of tumor biopsy tissue and enable the monitoring of tumor uPA levels during treatment. The publication demonstrates the potential utility of our uPA antibody fragments as imaging agents in breast and other cancers.

MNPR-101 Conjugate uPRIT as a Potential Diagnostic and Therapeutic for Cancer and Severe COVID-19

We continue to collaborate with NorthStar Medical Radioisotopes, LLC (“NorthStar”) and have extended our 50/50 radiopharmaceutical partnership for 2022. Our collaboration has generated a radioimmunotherapeutic candidate, MNPR-101-PCTA, that is being evaluated as a potential diagnostic and therapeutic agent (same backbone but utilizing a different radioisotope as the diagnostic) in cancer and severe COVID-19. Our collaboration combines NorthStar’s expertise in the innovative production, supply, and distribution of important medical radioisotopes with our expertise in therapeutic drug development. NorthStar and we have filed provisional composition of matter patents covering the Actinium-based radiopharmaceutical drug candidate (MNPR-101-PCTA-Ac-225) and peer-reviewed publications are published highlighting the utility of MNPR-101 and MNPR-101 fragment conjugates as uPAR-targeted imaging agents in numerous cancers. We are currently evaluating pathways to initiating a first-in-human study.

In collaboration with NorthStar, we have filed a provisional patent application entitled “Precision Radioimmunotherapeutic Targeting of the Urokinase Plasminogen Activator Receptor (uPAR) for Treatment of Severe COVID-19 Disease” with the U.S. Patent and Trademark Office (“USPTO”). This application covers novel compositions and uses of cytotoxic radioisotopes attached to antibodies that bind to uPAR, thereby creating precision targeted radiotherapeutics, also known as uPRITs, for the treatment of severe COVID-19 and other respiratory diseases. Advanced COVID-19 patients frequently develop severe, life-threatening, pulmonary inflammation as a result of a viral induced cytokine storm. The development of this cytokine storm is associated with a high rate of mortality in severe COVID-19 patients, even with oxygen support and mechanical ventilation. uPRITs have been designed with the goal of selectively eliminating the aberrantly activated immune cells responsible for causing the cytokine storm. By eradicating these cells with a targeted uPRIT, the goal is to spare healthy cells while quickly reducing the cytokine storm and its harmful systemic effects. The co-inventors of the provisional patent application are James Harvey, Chief Scientific Officer of NorthStar, and Andrew P. Mazar, our Chief Scientific Officer.



MNPR-101 has demonstrated significant anti-tumor activity as a monotherapy in numerous preclinical models of tumor growth as well as an enhanced effect when used in combination *in vivo* with multiple different approved chemotherapeutics.

#### **MNPR-202 and Related Analogs**

In June 2021, we entered into a collaboration agreement with the Cancer Science Institute of Singapore (“CSI Singapore”), one of Asia’s premier cancer research centers, at the National University of Singapore (“NUS”) (consistently ranked as one of the world’s top universities) to evaluate the activity of MNPR-202 and related analogs in multiple types of cancer. MNPR-202 was designed to retain the same potentially non-cardiotoxic backbone as camsirubicin but is modified at other positions which may enable it to work in certain cancers that are resistant to camsirubicin and doxorubicin. In December 2020, we announced the issuance of our U.S. composition of matter patent (US10,450,340) covering MNPR-202 and related analogs. CSI Singapore is currently testing MNPR-202 in preclinical cancer models.

#### **License, Development and Collaboration Agreements**

##### **Onxeo S.A.**

In June 2016, we executed an agreement with Onxeo S.A., a French public company, which gave us the exclusive option to license (on a world-wide exclusive basis) Validive (clonidine hydrochloride mucobuccal tablet; clonidine HCl MBT a mucoadhesive tablet of clonidine based on the Lauriad mucoadhesive technology). The agreement includes clinical, regulatory, developmental and sales milestones that could reach up to \$108 million if we achieve all milestones, and escalating royalties from 5% to 10% on net sales. In September 2017, we exercised the option to license Validive from Onxeo for \$1 million, but as of March 11, 2022, we have not been required to pay Onxeo any other funds under the agreement.

Under the agreement, we are required to pay royalties to Onxeo on a product-by-product and country-by-country basis until the later of (1) the date when a given product is no longer within the scope of a patent claim in the country of sale or manufacture, (2) the expiry of any extended exclusivity period in the relevant country (such as orphan drug exclusivity, pediatric exclusivity, new chemical entity exclusivity, or other exclusivity granted beyond the expiry of the relevant patent), or (3) a specific time period after the first commercial sale of the product in such country. In most countries, including the U.S., the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country, not taking into consideration any potential patent term adjustment that may be filed in the future or any regulatory extensions that may be obtained. The royalty termination provision pursuant to (3) described above is shorter than 20 years and is the least likely cause of termination of royalty payments.

The Onxeo license agreement does not have a pre-determined term, but expires on a product-by-product and country-by-country basis; that is, the agreement expires with respect to a given product in a given country whenever our royalty payment obligations with respect to such product have expired. The agreement may also be terminated early for cause if either we or Onxeo materially breach the agreement, or if either we or Onxeo become insolvent. We may also choose to terminate the agreement, either in its entirety or as to a certain product and a certain country, by providing Onxeo with advance notice.

## **Grupo Español de Investigación en Sarcomas (“GEIS”)**

In June 2019, we executed a clinical collaboration with GEIS for the development of camsirubicin in patients with ASTS. Following completion of the Phase 1b clinical trial in the U.S. that we initiated in the third quarter of 2021 with the first patient dosed in October 2021, we expect that GEIS will sponsor and lead a multi-country, randomized, open-label Phase 2 clinical trial to evaluate camsirubicin head-to-head against doxorubicin, the current first-line treatment for ASTS. We will provide study drug and supplemental financial support for the clinical trial. During the year ended December 31, 2020, we incurred \$1.4 million in expenses related to the GEIS collaboration including clinical material manufacturing-related expense, clinical consulting, database management expenses and intellectual property expenses. We continued with the GEIS collaboration through the first quarter of 2021 and incurred \$0.3 million in expenses related to the collaboration. We can terminate the agreement by providing GEIS with advance notice, and without affecting our rights and ownership to any related intellectual property or clinical data. In the second quarter of 2021, due to regulatory delays in Spain, we decided to conduct an open-label Phase 1b clinical trial of camsirubicin in the U.S.

## **XOMA Ltd.**

To humanize our MNPR-101 antibody, we have taken a non-exclusive license to XOMA (US) LLC’s humanization technology and know-how. Humanization involves replacing most of the non-critical parts of the mouse sequence of an antibody with the human sequence to minimize the ability of the human immune system to recognize this antibody as foreign. As such, MNPR-101 has been engineered to be 95% human sequence using the XOMA technology. Under the terms of the license, we are to pay only upon developmental and sales milestone achievements which could reach up to \$14.925 million if we achieve all milestones. The agreement does not require the payment of sales royalties. There can be no assurance that we will reach any milestones. As of March 11, 2022, we had not reached any milestones and had not been required to pay XOMA Ltd. any funds under this license agreement. The first milestone payment is payable upon first dosing of a human patient in a Phase 2 clinical trial.

## **Intellectual Property Portfolio and Exclusivity**

An important part of our strategy is obtaining patent protection to help preserve the proprietary nature of our product candidates, and to prevent others from developing competitive agents that are similar. Our patent portfolio includes issued patents and pending patent applications in the U.S. and in foreign countries. Our general practice is to seek patent protection in major markets worldwide.

### ***Validive***

We license all intellectual property related to Validive from Onxeo S.A., a French public company. See “Business – License, Development and Collaboration Agreements”. Validive is covered by 57 issued patents in 31 jurisdictions, including the U.S., EU, Japan, and other Asian countries, and has orphan drug designation in the EU as well as Fast Track designation from the FDA. These patents are method of use patents that cover the use of Validive to prevent and/or treat inflammation and inflammatory pain of the mucosa including cancer therapy-induced mucositis; the use of clonidine or clonidine derivatives for the prevention or treatment of adverse side effects of chemotherapy; and clonidine and/or clonidine derivatives for use in the prevention of skin injury resulting from radiotherapy, and have been assigned to us pursuant to our license agreement with Onxeo. The latest patent expires in 2035 not accounting for possible extensions.

In November 2020, we announced a series of recently issued patents for Validive (clonidine HCl mucobuccal tablet). These patents, including U.S. Patent No. 10,675,271, provide claims covering “Clonidine and/or clonidine derivatives for use in the prevention and/or treatment of adverse side effects of chemotherapy”. These patents expand the potential use of Validive in cancer patients, beyond the earlier allowed claims for the prevention of oral mucositis in patients receiving CRT. Specifically, they provide protection for the potential ability of Validive to prevent or treat common chemotherapy-associated side effects such as asthenia and fatigue and would provide protection should we determine in the future to conduct additional Validive development activities related to adverse side effects of chemotherapy beyond oropharyngeal cancer.

### **Camsirubicin**

Camsirubicin (GPX-150) is covered by manufacturing process patents. We have a patent for chemical synthesis technology that efficiently converts cardiotoxic “13-keto” anthracyclines such as doxorubicin, daunorubicin, epirubicin, and idarubicin into novel, patentable, and most likely less-cardiotoxic “5-imino-13-deoxy” analogs. A novel chemical composition of an intermediate for this synthesis is also patented. In addition, we have a patent covering the combination of camsirubicin with paclitaxel for the treatment of cancer, plus covering the method of use of these two drugs for this purpose. Our camsirubicin patent portfolio contains eight issued U.S. patents (two of which have expired) and one U.S. pending patent application. We have certain corresponding patents and applications in twenty-nine foreign jurisdictions, including the U.S., EU, Japan, and other Asian countries. The process patents for the synthesis of camsirubicin intermediates will expire in 2024 and the patents covering the combination use of camsirubicin and its analogs with taxanes will expire in 2026. The patent covering novel, potentially more potent analogs of camsirubicin expires in 2038. We may pursue patent term extensions where appropriate. We have obtained patent protection around the intermediates and process used to manufacture camsirubicin and we expect to obtain Hatch-Waxman exclusivity (applicable to new chemical entities) for 5 years that will prevent generic competition. We have also obtained U.S. and EU orphan drug status in soft tissue sarcoma with additional orphan cancer indications expected to follow.

In December 2020, we announced the issuance of a U.S. patent (US 10,450,340) covering compositions of matter (2-pyrrilino camsirubicin) for a novel family of camsirubicin analogs. This patent, which expands the Company’s camsirubicin intellectual property portfolio, is expected to expire in 2038 not including any patent term extensions. The patent broadens our camsirubicin portfolio and creates a pipeline that has been designed to retain the potentially favorable non-cardiotoxic chemical backbone of camsirubicin and the potent broad-spectrum antitumor activity of doxorubicin. Further, preclinical evidence suggests that this new family of 2-pyrrilino camsirubicin analogs could be active in doxorubicin-resistant tumor cells which may enable use in cancer types beyond those possible with camsirubicin.

### **MNPR-101**

Our patent portfolio for our MNPR-101 antibody (huATN-658), as well as its epitope, consists of two issued U.S. composition of matter and their methods of use patents and corresponding (granted and pending) patents and patent applications in twenty-two foreign jurisdictions, including the European Union, Japan, and other Asian countries. These patents are owned by us. The patents covering the composition of matter of MNPR-101 will expire in 2025 and the patents covering the MNPR-101 epitope will expire in 2027. Being a novel biologic, it is eligible for 12 years of exclusivity in the U.S. under the Biologics Price Competition and Innovation Act (“BPCI Act”), and it will benefit from varying durations of similar exclusivity in numerous other countries. The Radio-Immuno-Therapeutic derivative of MNPR-101 (uPRIT) patent, if granted expires in 2041.

Patent life determination depends on the date of filing of the application and other factors as promulgated under the patent laws. In most countries, including the U.S., the patent term is generally 20 years from the earliest claimed filing date (the priority date) of a non-provisional patent application in the applicable country, not taking into consideration any potential patent term adjustment that may be filed in the future or any regulatory extensions that may be obtained. Some of our patents are currently near expiration and we may pursue patent term extensions for these where appropriate. See “Risk Factors – Risks Related to our Intellectual Property”.

## **MNPR-101 RIT**

In collaboration with NorthStar, we filed a provisional patent application entitled “Precision Radioimmunotherapeutic Targeting of the Urokinase Plasminogen Activator Receptor (uPAR) for Treatment of Severe COVID-19 Disease” with the USPTO on June 15, 2020. A full international application (International Application Number PCT/US2021/037416) that claims priority to the provisional filing date was filed under the Patent Cooperation Treaty (“PCT”) on June 15, 2021. This application covers novel compositions and uses of cytotoxic radioisotopes attached to antibodies that bind to uPAR, thereby creating precision targeted radiotherapeutics, also known as uPRITs, for the treatment of severe COVID-19 and other respiratory diseases. Advanced COVID-19 patients frequently develop severe, life-threatening, pulmonary inflammation as a result of a viral induced cytokine storm. The development of this cytokine storm is associated with a high rate of mortality in severe COVID-19 patients, even when oxygen support and mechanical ventilation are utilized. uPRITs have been designed with the goal of selectively eradicating the aberrantly activated immune cells responsible for causing cytokine storm and its harmful systemic effects. The co-inventors of the provisional patent application are James Harvey, Chief Scientific Officer of NorthStar, and Andrew P. Mazar, our Chief Scientific Officer.

In May 2021, we and NorthStar filed a provisional patent application with the USPTO titled “Bio-Targeted Radiopharmaceutical Compositions Containing Ac-225 and Methods of Preparation.” Radiopharmaceutical therapy is a promising approach to treat cancer and other diseases using radioactive isotopes bound with proteins/antibodies to target and kill cells. If validated through further evaluation, it could potentially improve efficacy and safety and enhance manufacturing efficiency of Actinium-based radiopharmaceuticals, the full potential of which are presently constrained by the price and scarcity of Ac-225.

Also in May 2021, we and NorthStar filed a provisional composition of matter patent application titled “Urokinase Plasminogen Activator Receptor-Targeted Radiopharmaceutical” covering a radiotherapeutic consisting of our proprietary antibody MNPR-101 bound to Ac-225 via the isotope binding agent PCTA. This RIT demonstrated 98% radiochemical purity and high stability and has the potential to be a highly selective, potent treatment for a variety of cancers, severe COVID-19, and other diseases characterized by aberrant uPA receptor expression.

## **Manufacturing**

We do not currently own or operate manufacturing facilities for the production or testing of Validive, camsirubicin, MNPR-101, MPNR-101 RITs or MNPR-202, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We presently depend on third-party contract manufacturers for all our required raw materials, Active Pharmaceutical Ingredients (“API”), and finished drug products for our preclinical and clinical studies. Both COVID-19 and the Russia-Ukraine conflict, and related impacts on inflation and supply chain logistics, may impact the cost and delay shipping of supplies for our clinical materials manufacturing due to the rising cost of fuel and sanctions that may delay global shipping. We have completed manufacturing of the clinical batches of drug product for Validive that are currently being utilized in our ongoing Phase 2b/3 VOICE clinical trial and for camsirubicin which are being used in our ongoing Phase 1b dose-escalation camsirubicin clinical trial. We are in the midst of manufacturing more Validive and camsirubicin for the clinical trials. We continue to develop MNPR-101 RIT and MNPR-202 for potential scale-up.

## **Sales and Marketing**

In light of our stage of corporate development, we have not yet established a commercial organization or distribution capabilities. We have retained worldwide commercial rights for our product candidates. If our product candidates receive marketing approval, we plan to commercialize them in the U.S. and potentially in Europe with our own focused, specialty sales force to be developed. We would expect to conduct most of the buildout of this organization following approval in the U.S. or following similar marketing authorizations in Europe of any of our product candidates. We expect to explore commercialization of Validive and potentially other product candidates in certain markets outside the U.S., including the EU, utilizing a variety of collaboration, distribution and other sales and marketing arrangements with one or more third parties.

## **Oncology Market Competition**

The pharmaceutical industry in general, and the oncology therapeutics sector in particular, are characterized by intense competition. We face competition from pharmaceutical and biotechnology companies, many of which are larger and better financed than us. We also face competition in our efforts to develop and commercialize new oncology therapeutics from academic and government laboratories. The therapeutics that we are developing, if successfully commercialized, will have to compete with existing therapeutics already on the market and novel therapeutics currently in development, as well as new therapeutics that may be discovered and developed in the future. Our product candidates will also have to compete with alternate treatment modalities, such as improvements in radiation treatments, which are also subject to continual innovation and improvement. Additional information can be found in the section entitled “Risk Factors – Risks Related to Our Business Operations and Industry.”



### **Validive**

There is no effective standard of care or FDA approved preventive or therapeutic treatment for patients that develop chemoradiation-induced SOM. Only symptomatic treatments such as opioids and palliative mouthwashes are available but have no effect on the occurrence, time to onset, or duration of SOM. Our primary competitor is a dismutase mimetic which recently completed its Phase 3 clinical development, and is administered through a daily 60-minute intravenous (“IV”) infusion to be completed within an hour before each radiation treatment. Validive, in comparison, is an easy to use, once daily self-administered oral/buccal tablet that acts locally at the sites of SOM.

### **Camsirubicin**

We believe our camsirubicin program, if approved, could replace doxorubicin as the first-line treatment for ASTS. In addition, we believe that camsirubicin would compete with a number of currently available anthracycline-based drugs on the market for other cancer indications. These are largely derivatives of doxorubicin, or reformulations of doxorubicin such as liposomal doxorubicin (e.g., Doxil, sold by Johnson & Johnson). All of these have the issue of cardiotoxicity. In addition to approved products, there are a number of product candidates in development, largely as new formulations or derivatives of doxorubicin.

Our MNPR-101, MNPR-101 RIT and MNPR-202 programs are in the early stages of development and the most susceptible to all of the competitive factors listed in the first paragraph of this section.

### **Government Regulation and Product Approval**

Government authorities in the U.S., at the federal, state and local level, and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of products such as those we are developing. The pharmaceutical product candidates that we develop must be approved by the FDA before they may be legally marketed in the U.S. See “Risk Factors – Risks Related to Clinical Development and Regulatory Approval”.

### **U.S. Pharmaceutical Product Development Process**

In the U.S., the FDA regulates pharmaceutical products under the Federal Food, Drug and Cosmetic Act (“FDCA”) and implementing regulations. Pharmaceutical products are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial enforcement. FDA enforcement could result in refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us. The process required by the FDA before a non-biological pharmaceutical product may be marketed in the U.S. generally involves the following:

- Completion of preclinical laboratory tests, animal studies and formulation studies according to Good Laboratory Practices (“GLP”), and other applicable regulations;
- Submission to the FDA of an Investigational New Drug application (“IND”), which must become effective before human clinical studies may begin;
- Performance of adequate and well-controlled human clinical studies according to the FDA’s current Good Clinical Practices (“GCP”), to establish the safety, efficacy and optimum dose of the proposed pharmaceutical product for its intended use;
- Submission to the FDA of a New Drug Application (“NDA”) or Biologics License Application (“BLA”), for a new pharmaceutical product;

- Satisfactory completion of an FDA inspection of the manufacturing facility or facilities where the pharmaceutical product is produced to assess compliance with the FDA's current Good Manufacturing Practice standards ("cGMP."), to assure that the facilities, methods and controls are adequate to preserve the pharmaceutical product's identity, strength, quality and purity;
- FDA audits of the preclinical and clinical study sites that generated the data in support of the NDA or BLA; and
- FDA review and approval of the NDA.

The lengthy process of seeking required approvals and the continuing need for compliance with applicable statutes and regulations require the expenditure of substantial resources, and approvals are inherently uncertain.

Before testing any compounds with potential therapeutic value in humans, the pharmaceutical product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as in-vitro and animal studies to assess the potential safety and activity of the pharmaceutical product candidate. These early proof-of-principle studies are done using sound scientific procedures and thorough documentation. The conduct of single and repeat dose toxicology and toxicokinetic studies in animals must comply with federal regulations and requirements including GLP. The sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA has concerns and notifies the sponsor. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical study can begin. If resolution cannot be reached within the 30-day review period, either the FDA places the IND on clinical hold, or the sponsor withdraws the application. The FDA may also impose clinical holds on a pharmaceutical product candidate at any time before or during clinical studies due to safety concerns or non-compliance. Accordingly, it is not certain that submission of an IND will result in the FDA allowing clinical studies to begin, or that, once begun, issues will not arise that suspend or terminate such clinical studies.

During the development of a new drug, sponsors are given opportunities to meet with the FDA at certain points. These points may be prior to submission of an IND, at the end of Phase 2, and before an NDA or BLA is submitted. Meetings at other times may be requested. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date, for the sponsor to ask specific questions to the FDA, for the FDA to provide advice, and for the sponsor and FDA to reach agreement on the next phase of development. Sponsors typically use the end of Phase 2 meeting to discuss their Phase 2 clinical results and present their plans for the pivotal Phase 3 clinical (registration) trial(s) that they believe will support approval of the new drug. A sponsor may be able to request a Special Protocol Assessment ("SPA"), the purpose of which is to reach agreement with the FDA on the Phase 3 clinical trial protocol design and analyses that will form the primary basis of an efficacy claim.

According to FDA guidance for industry on the SPA process, a sponsor which meets the prerequisites may make a specific request for a SPA and provide information regarding the design and size of the proposed clinical trial. The FDA's goal is to evaluate the protocol within 45 days of the request to assess whether the proposed trial is adequate, and that evaluation may result in discussions and a request for additional information. A SPA request must be made before the proposed trial begins, and all open issues must be resolved before the trial begins. If a written agreement is reached, it will be documented and made part of the IND record. The agreement will be binding on the FDA and may not be changed by the sponsor or the FDA after the trial begins except with the written agreement of the sponsor and the FDA or if the FDA determines that a substantial scientific issue essential to determining the safety or efficacy of the drug was identified after the testing began.

Clinical studies involve the administration of the pharmaceutical product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the clinical study sponsor's control. Clinical studies are conducted under protocols detailing, among other things, the objectives of the clinical study, dosing procedures, subject selection and exclusion criteria, how the results will be analyzed and presented and the parameters to be used to monitor subject safety. Each protocol must be submitted to the FDA as part of the IND. Clinical studies must be conducted in accordance with Good Clinical Practice ("GCP") guidelines. Further, each clinical study must be reviewed and approved by an independent institutional review board ("IRB"), at, or servicing, each institution at which the clinical study will be conducted. An IRB is charged with protecting the welfare and rights of study participants and is tasked with considering such items as whether the risks to individuals participating in the clinical studies are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical study subject or his or her legal representative and must monitor the clinical study until completed.

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

- Phase 1. The pharmaceutical product is initially introduced into healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion.
- Phase 2. The pharmaceutical product is evaluated in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, to determine dosage tolerance, optimal dosage and dosing schedule and to identify patient populations with specific characteristics where the pharmaceutical product may be more effective.
- Phase 3. Clinical studies are undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical study sites. These clinical studies are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. The studies must be well-controlled and usually include a control arm for comparison. One or two Phase 3 studies are required by the FDA for an NDA or BLA approval, depending on the disease severity and other available treatment options.
- Post-approval studies, or Phase 4 clinical studies, may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication.
- Progress reports detailing the results of the clinical studies must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events or any finding from tests in laboratory animals that suggests a significant risk for human subjects. Phase 1, Phase 2 and Phase 3 clinical studies may not be completed successfully within any specified period, if at all. The FDA or the sponsor or its data safety monitoring board may suspend a clinical study at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical study at its institution if the clinical study is not being conducted in accordance with the IRB's requirements or if the pharmaceutical product has been associated with unexpected serious harm to patients.

Concurrent with clinical studies, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the pharmaceutical product as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the pharmaceutical product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final pharmaceutical product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the pharmaceutical product candidate does not undergo unacceptable deterioration over its shelf life.

#### **U.S. Review and Approval Processes**

The results of product development, preclinical studies and clinical studies, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the pharmaceutical product, proposed labeling and other relevant information are submitted to the FDA as part of an NDA or BLA requesting approval to market the product. The submission of an NDA or BLA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances.

In addition, under the Pediatric Research Equity Act ("PREA"), an NDA, BLA or a supplement thereof must contain data to assess the safety and effectiveness of the pharmaceutical product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers. Unless otherwise required by regulation, PREA does not apply to any pharmaceutical product for an indication for which orphan designation has been granted.

The FDA reviews all NDAs and BLAs submitted before it accepts them for filing and may request additional information rather than accepting an NDA or BLA for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA or BLA. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act (“PDUFA”), the FDA has 10 months in which to complete its initial review of a standard NDA or BLA and respond to the applicant, and six months for a priority NDA or BLA. The FDA does not always meet its PDUFA goal dates for standard and priority NDAs or BLAs. The review process and the PDUFA goal date may be extended by three months if the FDA requests or if the NDA or BLA sponsor otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

After the NDA or BLA submission is accepted for filing, the FDA reviews the NDA or BLA application to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product’s identity, strength, quality and purity. The FDA may refer applications for novel pharmaceutical products or pharmaceutical products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. During the pharmaceutical product approval process, the FDA also will determine whether a risk evaluation and mitigation strategy (“REMS”), is necessary to assure the safe use of the pharmaceutical product. If the FDA concludes that a REMS is needed, the sponsor of the NDA or BLA must submit a proposed REMS; the FDA will not approve the NDA or BLA without a REMS, if required.

Before approving an NDA or BLA, the FDA will inspect the facilities at which the product is manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA will typically inspect one or more clinical sites as well as the site where the pharmaceutical product is manufactured to assure compliance with GCP and cGMP. If the FDA determines the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. In addition, the FDA will require the review and approval of product labeling.

The NDA and BLA review and approval process is lengthy and difficult and the FDA may refuse to approve an NDA or BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. Even if such data and information are submitted, the FDA may ultimately decide that the NDA or BLA does not satisfy the criteria for approval. Data obtained from clinical studies are not always conclusive and the FDA may interpret data differently than the sponsor interprets the same data. The FDA will issue a complete response letter if the agency decides not to approve the NDA or BLA. The complete response letter usually describes all of the specific deficiencies in the NDA or BLA identified by the FDA. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical studies. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the NDA or BLA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require Phase 4 testing which involves clinical studies designed to further assess pharmaceutical product safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

#### **Expedited Development and Review Programs**

The FDA has a Fast Track program that is intended to expedite or facilitate the process for reviewing new pharmaceutical products that meet certain criteria. Validive has Fast Track designation. New pharmaceutical products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening condition and demonstrate the potential to address unmet medical needs for the condition. The Fast Track designation must be requested by the sponsor. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. With a Fast Track designated product, the FDA may consider for review sections of the NDA or BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA or BLA, if the FDA agrees to accept sections of the NDA or BLA and determines that the schedule is acceptable and if the sponsor pays any required user fees upon submission of the first section of the NDA or BLA.

Any product submitted to the FDA for marketing approval, including a Fast Track program, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new pharmaceutical product designated for priority review in an effort to facilitate the review. Additionally, a product may be eligible for accelerated approval. Pharmaceutical products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval, which means that the products may be approved on the basis of adequate and well-controlled clinical studies establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity. As a condition of approval, the FDA may require that a sponsor of a pharmaceutical product receiving accelerated approval perform adequate and well-controlled post-marketing clinical studies. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product. Fast Track designation, priority review and accelerated approval do not change the standards for approval but may expedite the development or approval process.

### **Breakthrough Therapy Designation**

The FDA is also required to expedite the development and review of the application for approval of drugs that are intended to treat a serious or life-threatening disease or condition where preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. Under the breakthrough therapy program, the sponsor of a new product candidate may request that the FDA designate the product candidate for a specific indication as a breakthrough therapy concurrent with, or after, the filing of the IND for the product candidate. The FDA must determine if the product candidate qualifies for breakthrough therapy designation within 60 days of receipt of the sponsor's request. Valdivine, camsirubicin and MNPR-101 may all be eligible for breakthrough therapy designation pending additional data.

### **European Union Drug Review and Approval**

In the European Economic Area ("EEA") (which is comprised of the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein), medicinal products can only be commercialized after obtaining a Marketing Authorization ("MA"). There are two types of MA:

The Community MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the CHMP, or Committee for Medicinal Products for Human Use, of the European Medicines Agency ("EMA"), is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, and medicinal products containing a new active substance indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes and auto-immune and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU.

National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in other Member States through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

## **PRIME Designation**

The EMA launched its PRIME regulatory initiative to enhance support for the development of therapies that target an unmet medical need. The initiative focuses on drugs that may offer a major therapeutic advantage over existing treatments, or benefit patients with no treatment options. These therapies are considered priority medicines within the EU. Through PRIME, the EMA offers early, proactive and enhanced support to drug developers to optimize the generation of robust data on a therapy's benefits and risks and enable accelerated assessment of drug applications. MNPR-101 may be eligible for PRIME designation.

## **Post-Approval Requirements**

Any pharmaceutical products for which a sponsor receives FDA approvals are subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with FDA and FTC promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, prohibitions on promoting pharmaceutical products for uses or in patient populations that are not described in the pharmaceutical product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities and promotional activities involving the internet. Failure to comply with FDA requirements can have negative consequences, including adverse publicity, enforcement letters from the FDA, actions by the U.S. Department of Justice and/or U.S. Department of Health and Human Services Office of Inspector General, mandated corrective advertising or communications with doctors, and civil or criminal penalties. Although physicians may prescribe legally available pharmaceutical products for off-label uses, manufacturers may not directly or indirectly market or promote such off-label uses.

Manufacturers of FDA approved products are required to comply with applicable FDA manufacturing requirements contained in the FDA's cGMP regulations. cGMP regulations require, among other things, quality control and quality assurance, as well as the corresponding maintenance of records and documentation. Pharmaceutical product manufacturers and other entities involved in the manufacture and distribution of approved pharmaceutical products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA or BLA, including withdrawal of the product from the market. In addition, changes to the manufacturing process generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval. The FDA also may require post-marketing testing, known as Phase 4 testing, risk minimization action plans and surveillance to monitor the effects of an approved product or place conditions on an approval that could restrict the distribution or use of the product.

## **Pharmaceutical Coverage, Pricing and Reimbursement**

Significant uncertainty exists as to the coverage and reimbursement status of any pharmaceutical product candidates for which we obtain regulatory approval. In the U.S. and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part upon the availability of reimbursement from third-party payers. Third-party payers include government payers such as Medicare and Medicaid, managed care providers, private health insurers and other organizations. The process for determining whether a payer will provide coverage for a pharmaceutical product may be separate from the process for setting the price or reimbursement rate that the payer will pay for the pharmaceutical product. Third-party payers may limit coverage to specific pharmaceutical products on an approved list, or formulary, which might not include all of the FDA-approved pharmaceutical products for a particular indication. Third-party payers are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of its products, in addition to the costs required to obtain the FDA approvals. A payer's decision to provide coverage for a pharmaceutical product does not imply that an adequate reimbursement rate will be approved.

In 2003, the federal government enacted legislation providing a partial prescription drug benefit for Medicare recipients, which became effective at the beginning of 2006. However, to obtain payments under this program, a company would be required to sell products to Medicare recipients through prescription drug plans operating pursuant to this legislation. As part of their participation in the Medicare prescription drug program, these plans negotiate discounted prices for prescription drugs. Federal, state and local governments in the U.S. continue to consider legislation to limit the growth of health care costs, including the cost of prescription drugs. Future legislation and regulations could limit payments for pharmaceuticals such as the product candidates that we are developing.

Different pricing and reimbursement schemes exist in other countries. In the European Community, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed upon. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical studies that compare the cost-effectiveness of a particular pharmaceutical product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

#### **International Regulation**

In addition to regulations in the U.S., there are a variety of foreign regulations governing clinical studies and commercial sales and distribution of our future product candidates. Whether or not FDA approval is obtained for a product, approval of a product must be obtained by the comparable regulatory authorities of foreign countries before clinical studies or marketing of the product can commence in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical studies, product licensing, pricing and reimbursement vary greatly from country to country. In addition, certain regulatory authorities in select countries may require us to repeat previously conducted preclinical and/or clinical studies under specific criteria for approval in their respective country which may delay and/or greatly increase the cost of approval in certain markets targeted for approval by us.

Under E.U. regulatory systems, marketing applications for pharmaceutical products must be submitted under a centralized procedure to the EMA. The centralized procedure provides for the granting of a single marketing authorization that is valid for all E.U. member states. The EMA also has designations for Orphan Drugs, which, if applicable, can provide for faster review, lower fees and more access to advice during drug development. While the marketing authorization in the European Union is centralized, the system for clinical studies (application, review and requirements) is handled by each individual country. Approval to run a clinical study in one country does not guarantee approval in any other country. The pharmaceutical industry in Canada is regulated by Health Canada. A New Drug Submission (“NDS”) is the equivalent of a U.S. NDA and must be filed to obtain approval to market a pharmaceutical product in Canada. Marketing regulations and reimbursement are subject to national and provincial laws. In Japan, applications for approval to manufacture and market new drugs must be approved by the Ministry of Health, Labor and Welfare. Nonclinical and clinical studies must meet the requirements of Japanese laws. Results from clinical studies conducted outside of Japan must be supplemented with at least a bridging clinical study conducted in Japanese patients.

In addition to regulations in Europe, Canada, Japan and the U.S., there are a variety of foreign regulations governing clinical studies, commercial distribution and reimbursement of future product candidates which we may be subject to as we pursue regulatory approval and commercialization of Validive, camsirubicin, MNPR-101, or any future product candidates internationally.

#### **Compliance with Environmental Laws**

Since we do not have our own laboratory or manufacturing facilities, we do not estimate any annual costs of compliance with environmental laws.

## **Employees**

Our operations are currently managed by six individuals (including our executive chairman and our Acting Chief Medical Officer), of whom three have a PhD, two have an MD, two have an MBA, one has an MSc in health economics and policy, one has an MS from Stanford University, and one is a former CPA. They have worked at industry leading companies such as BioMarin Pharmaceutical Inc., Raptor Pharmaceuticals, Abbott Laboratories, and Onyx Pharmaceuticals. As of March 11, 2022, we had ten employees; nine of whom were full-time. We anticipate hiring additional employees in clinical operations, regulatory affairs and other departments, to help manage our clinical studies, regulatory submissions, and manufacturing to support Validive and camsirubicin program development, business development and corporate strategy. In addition, to complement our internal expertise, we have contracts with medical and scientific consultants, manufacturers, laboratories, and contract research organizations that specialize in various aspects of drug development including clinical development, preclinical development, manufacturing, quality assurance, and regulatory affairs.

## **Corporate Information**

We were formed as a Delaware limited liability company in December 2014, with the name Monopar Therapeutics, LLC. In December 2015, we converted to a Delaware C corporation. Our principal executive offices are located at 1000 Skokie Blvd, Suite 350, Wilmette, IL 60091. Our telephone number is (847) 388-0349. Our corporate website is located at [www.monopartx.com](http://www.monopartx.com). Any information contained in, or that can be accessed through our website, is not incorporated by reference in this Annual Report on Form 10-K.

## **Trademark Notice**

We have a registered trademark with the USPTO for “Validive.”. All other trademarks, service marks and trade names in this Annual Report on Form 10-K are the property of their respective owners. We have omitted the ® and ™ designations, as applicable, for the trademarks used herein.

## **Available Information**

Our corporate website is located at [www.monopartx.com](http://www.monopartx.com). The reference to these website addresses does not constitute incorporation by reference of the information contained on the websites and should not be considered part of this Annual Report on Form 10-K.

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website as specified above.



**Item 1A. Risk Factors**

**RISK FACTORS**

An investment in our common stock involves a high degree of risk. A prospective investor should carefully consider the following information about these risks, together with other information appearing elsewhere in this Annual Report on Form 10-K, before deciding to invest in our common stock. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future prospects and prospective investors could lose all or part of their investment. The risk factors discussed below and elsewhere in this Annual Report on Form 10-K are not exhaustive; other significant risks may exist that are not identified in this Annual Report on Form 10-K, but that might still materially and adversely affect our business, prospects, financial condition, and results of operations were any of such risks to occur.

**Risks Related to Our Financial Condition and Capital Requirements**

*We have a limited operating history, expect to incur significant operating losses, and have a high risk of never being profitable.*

We commenced operations in December 2014 and have an operating history of seven years. Therefore, there is limited historical financial or operational information upon which to evaluate our performance. Our prospects must be considered in light of the uncertainties, risks, expenses, and difficulties frequently encountered by companies in their early clinical stages of operations. Many, if not most, companies in our industry at our stage of development never become profitable and are acquired, merge, sell major product assets or go out of business before successfully developing any product that generates revenue from commercial sales and enables profitability.

From inception in December 2014 through December 31, 2021, we have incurred losses of approximately \$41.3 million, which includes \$13.5 million of non-cash in-process research and development, which was incurred in connection with our acquisition of camsirubicin. We expect to continue to incur substantial operating losses over the next several years for the clinical development of our current and future licensed or purchased product candidates and will continue to incur losses for the foreseeable future. We expect that our R&D and G&A expenses will increase to enable the execution of our strategic plan. As a result, we anticipate that we will seek to raise additional capital within the next 12 months to fund our future operations. We will seek to obtain needed capital through a combination of equity offerings, debt financings, strategic collaborations and grant funding. To date, we have funded our operations through net proceeds from the initial public offering of our common stock, net proceeds from sales of our common stock through an at-the-market sales program, private placements of our preferred and common stock, and the net receipt of funds related to our acquisition of camsirubicin and related assets.

The amount of future losses and when, if ever, we will become profitable are uncertain. We do not have any products that have generated revenues from commercial sales, and do not expect to generate revenues from the commercial sale of products in the near future, if ever. Our ability to generate revenue and achieve profitability will depend on, among other things, successful completion of the development of our product candidates; obtaining necessary regulatory approvals from the FDA and international regulatory agencies; establishing manufacturing/quality, sales, and marketing arrangements with third parties; obtaining adequate reimbursement by third-party payers; and raising sufficient funds to finance our activities. If we are unsuccessful at some or all of these undertakings, our business, financial condition, and results of operations are expected to be materially and adversely affected.

*The funds raised to-date from the sales of our common stock we believe could be sufficient for us to obtain topline results for our ongoing open-label Phase 1b camsirubicin clinical trial (but this may not be the case if camsirubicin reaches even higher dose levels than we are anticipating) and to complete the Phase 2b and commence the Phase 3 portion of our ongoing Validive Phase 2b/3 (VOICE) clinical program, but will not be sufficient for us to complete our VOICE clinical program, including if we need to run a second confirmatory Phase 3 clinical trial, which will require that we raise significant additional funds or find a suitable pharmaceutical partner. If we are able to raise additional funds within the next 12 months, to complete our VOICE clinical program and support further development through and beyond our ongoing Phase 1b camsirubicin clinical trial, it may not be on favorable terms. If we are unable to raise enough funds in the future, or find a suitable pharmaceutical partner, we may have to discontinue or delay our Validive clinical development and/or any other of our current or future product candidates.*

In order to be commercially viable, we must successfully research, develop, test, obtain regulatory approval for, manufacture, introduce, market and distribute Validive, camsirubicin, MNPR-101, MNPR-101 RIT, MNPR-202, and, if applicable, any current and future product candidates we may develop. The estimated required capital and time-frames necessary to achieve these developmental milestones as described in this Annual Report on Form 10-K or as we may state from time to time is subject to inherent risks, which are beyond our control. Clinical development of Validive, camsirubicin, MNPR-101, MNPR-101 RIT, and MNPR-202 will require significant funds. Proceeds to-date from the sales of our common stock we believe could be sufficient for us to complete our ongoing open-label Phase 1b camsirubicin clinical trial (but this may not be the case if camsirubicin reaches even higher dose levels than we are anticipating) and complete the Phase 2b and commence the Phase 3 portion of our ongoing Validive Phase 2b/3 (VOICE) clinical program, but will not be sufficient for us to complete our VOICE clinical program, including if we need to run a second confirmatory Phase 3 clinical trial and support further development through and beyond our ongoing Phase 1b camsirubicin clinical trial. This will require that we raise significant additional funds or find a suitable pharmaceutical partner within the next 12 months to complete the VOICE clinical program, support further development of camsirubicin through and beyond our ongoing Phase 1b, to support MNPR-101, MNPR-101 RIT and MNPR-202 and related compounds in various indications and generally to support our current and any future product candidates through completion of clinical trials, approval processes and, if applicable, commercialization. If we are able to raise financing, it may be on terms that are unfavorable to us and if we are unable to raise sufficient funds or find a suitable pharmaceutical partner, we may have to discontinue or delay clinical development of Validive and/or any other of our current or future product candidates.

***Our operations and financial results could be adversely impacted by the global outbreak of the COVID-19, which may negatively impact our ability to manufacture our product candidates for our clinical trials, our ability to accrue and conduct our clinical trials, and may delay regulatory agency responses. Any such impact will negatively impact our financial condition and could require us to delay our clinical development programs.***

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported to have surfaced in Wuhan, China, resulting in significant disruptions to Chinese manufacturing and supply chain, as well as travel restrictions in many countries. In March 2020, COVID-19 was designated a global pandemic and many countries, including the U.S., declared national emergencies and implemented preventive measures by limiting large public gatherings, setting separation distances between individuals (social distancing), rules for mandatory use of personal protective equipment (primarily masks) and in shelter-in-place mandates. Many employers restricted non-essential work travel and required that employees work from their homes to limit personal interaction if required by local regulations. In response to the current COVID-19 pandemic and its effects on clinical trials, we modified the original adaptive design Phase 3 clinical trial for our lead product candidate, Validive, to be a Phase 2b/3 VOICE clinical trial to better fit the types of trials which can enroll patients in the current environment. We have activated sites and commenced dosing in our VOICE clinical program. The Phase 3 portion of the VOICE trial is anticipated to start immediately after the Phase 2b portion. To complete VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial, we will need to raise additional funding in the millions or tens of millions of dollars (depending on if we have consummated a collaboration or partnership or neither for Validive), or find a suitable pharmaceutical partner, both of which we are planning to pursue within the next 12 months. There can be no assurance that any such events will occur, and the ongoing COVID-19 pandemic continues to create uncertainties and challenges to our ability to seek additional funding and explore collaborations and partnerships.

While we are currently continuing our ongoing clinical trials, the COVID-19 pandemic and related precautions have directly or indirectly impacted the timeline for certain of our clinical trials. We are continuing to monitor the impact of the COVID-19 pandemic on our operations and ongoing clinical development activity, generally. As a result of the COVID-19 pandemic, we may experience further disruptions that could severely impact our business, preclinical studies and clinical trials, including:

- Delays in receiving approval from the FDA and foreign regulatory authorities to initiate our planned clinical trials;
- Delays or difficulties in enrolling and monitoring patients in our clinical trials;
- Delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- Delays in trial drug shipments due to COVID-19 vaccine shipments tying up available pharmaceutical product shipping lanes and increasing their cost;
- Diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;

- Risk that participants enrolled in our clinical trials will acquire COVID-19 while the clinical trial is ongoing, which could impact the results of the clinical trial, including by increasing the number of observed adverse events;
- Interruption of key clinical trial activities, such as clinical trial site data monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others or interruption of clinical trial subject visits and study procedures, which may impact the integrity of subject data and clinical study endpoints;
- Interruption or delays in the operations of the FDA and foreign regulatory agencies, which may impact approval timelines;
- Interruption of, or delays in receiving, supplies of our product candidates from our contract manufacturing organizations due to staffing or supply shortages, production slowdowns, global shipping delays or stoppages and disruptions in delivery systems;
- Limitation on employee resources that would otherwise be focused on the conduct of our preclinical studies and clinical trials, including because of sickness of our employees or their families or the desire of employees to avoid contact with large groups of people.
- Refusal of the FDA to accept data from clinical trials in affected geographies; and
- Impacts from prolonged remote work arrangements, such as increased cybersecurity risks.

The extent to which the outbreak further impacts our business, including our preclinical studies and clinical trials, results of operations and financial condition will depend on future developments which remain highly uncertain and cannot be predicted with confidence. Such factors include but are not limited to the global availability and acceptability of the vaccination roll-out, the continued efficacy of available vaccines, the potential and duration of another major outbreak and the impacts of new variations of the virus, continued or reimplemented travel restrictions, local states of emergency requiring quarantines and shelter-in-place orders, adherence to social distancing and mask-wearing recommendations in the U.S. and other countries and the availability of effective global therapeutics to treat COVID-19.

***The Russia-Ukraine conflict may have global effects on fuel costs and shipping and broader impacts on economic, trade and financial market conditions, which could delay the shipping of supplies for our clinical material manufacturing, potentially resulting in increased manufacturing expenses, delays to our clinical programs and adverse effects on our financing activities and financial condition.***

The Russia-Ukraine conflict is a volatile situation, resulting in financial services and banking instability in the region. The U.S. and other countries' sanctions against Russia and Russian entities, together with existing inflationary conditions and supply chain challenges arising in the wake of the COVID-19 pandemic, are affecting fuel costs and shipping, resulting in higher costs and delays for various types of supplies. These cost increases and delays may affect our clinical material manufacturing which may have an adverse effect on our financial condition. In addition, at this stage, we are unable to predict whether the conflict will have broader adverse impacts to European, U.S. or global economic, trade and financial market conditions, which could adversely affect our operations and financial condition in a variety of ways. In particular, financial market instability or volatility may make it more difficult to raise required financing.

***If we continue to incur operating losses and fail to obtain the capital necessary to fund our operations, we will be unable to advance our development programs, complete our clinical trials, or bring products to market, or may be forced to reduce or cease operations entirely. In addition, any capital obtained by us may be obtained on terms that are unfavorable to us, our investors, or both.***

Developing a new drug and conducting clinical trials and the regulatory review processes for one or more disease indications involves substantial costs. We have projected cash requirements for the near term based on a variety of assumptions, but some or all of such assumptions are likely to be incorrect and/or incomplete, possibly materially in an adverse direction. Our actual cash needs may deviate materially from those projections, changes in market conditions or other factors may increase our cash requirements, or we may not be successful even in raising the amount of cash we currently project will be required for the near term. We will need to raise additional capital in the future; the amount of additional capital needed will vary as a result of a number of factors, including without limitation the following:

- receiving less funding than we require;
- higher than expected costs to manufacture and ship our active pharmaceutical ingredient and our product candidates;
- higher than expected costs for preclinical testing;
- an increase in the number, size, duration, and/or complexity of our clinical trials;
- slower than expected progress in developing Validive, camsirubicin, MNPR-101, MNPR-101 RIT, MNPR-202 or other product candidates, including without limitation, additional costs caused by program delays;
- higher than expected costs associated with attempting to obtain regulatory approvals, including without limitation additional costs caused by additional regulatory requirements or larger clinical trial requirements;
- higher than expected personnel, consulting or other costs, such as adding personnel or industry expert consultants or pursuing the licensing/acquisition of additional assets; and
- higher than expected costs to protect our intellectual property portfolio or otherwise pursue our intellectual property strategy.

When we attempt to raise additional financing, there can be no assurance that we will be able to secure such additional financing in sufficient quantities or at all. We may be unable to raise additional capital for reasons including, without limitation, our operational and/or financial performance, investor confidence in us and the biopharmaceutical industry, credit availability from banks and other financial institutions, the status of current projects, and our prospects for obtaining any necessary regulatory approvals. Potential investors' capital investments may have shifted to other opportunities with perceived greater returns and/or lower risk, thereby reducing capital available to us, if available at all.

In addition, any additional financing might not be available, and even if available, may not be available on terms acceptable to us or our then-existing investors. We will seek to raise funds through public or private equity offerings, debt financings, corporate collaboration or licensing arrangements, mergers, acquisitions, sales of intellectual property, or other financing vehicles or arrangements. To the extent that we raise additional capital by issuing equity securities or other securities, our then-existing investors will experience dilution. If we raise funds through debt financings or bank loans, we may become subject to restrictive covenants, our assets may be pledged as collateral for the debt, and the interests of our then-existing investors would be subordinated to the debt holders or banks. In addition, our use of and ability to exploit assets pledged as collateral for debt or loans may be restricted or forfeited. To the extent that we raise additional funds through collaboration or licensing arrangements, we may be required to relinquish significant rights (including without limitation intellectual property rights) to our technologies or product candidates, or grant licenses on terms that are not favorable to us. If we are not able to raise needed funding under acceptable terms or at all, then we will have to reduce expenses, including the possible options of curtailing operations, abandoning opportunities, licensing or selling off assets, reducing costs to a point where clinical development or other progress is impaired, or ceasing operations entirely.

***Unstable market and economic conditions may have serious adverse consequences on our ability to raise funds, which may cause us to delay, restructure or cease our operations.***

From time to time, global and domestic credit and financial markets have experienced extreme disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. Recently, the COVID-19 pandemic and the Russia-Ukraine conflict have created volatility and uncertainty. Our financing strategy will be adversely affected by any such economic downturn, volatile business environment and continued unpredictable and unstable market conditions. If the equity and credit markets deteriorate, it may make a debt or equity financing more difficult to complete, costlier, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms will have a material adverse effect on our business strategy and financial performance, and could require us to cease or delay our operations.

#### **Risks Related to Clinical Development and Regulatory Approval**

***We do not have and may never have any approved products on the market. Our business is highly dependent upon receiving approvals from various U.S. and international governmental agencies and will be severely harmed if we are not granted approval to manufacture and sell our product candidates.***

In order for us to commercialize any treatment for chemoradiation-induced SOM, cancer or any other disease indication, we must obtain regulatory approvals of such treatment for that indication. Satisfying regulatory requirements is an expensive process that takes many years and involves compliance with requirements covering research and development, testing, manufacturing, quality control, labeling and promotion of drugs for human use. To obtain necessary regulatory approvals, we must, among other requirements, complete clinical trials demonstrating that our products are safe and effective for a particular indication. There can be no assurance that our products will prove to be safe and effective, that our clinical trials will demonstrate the necessary safety and effectiveness of our product candidates, or that we will succeed in obtaining regulatory approval for any treatment we develop even if such safety and effectiveness are demonstrated.

Any delays or difficulties we encounter in our clinical trials may delay or preclude regulatory approval from the FDA or from international regulatory organizations. Any delay or preclusion of regulatory approval would be expected to delay or preclude the commercialization of our products. Examples of delays or difficulties that we may encounter in our clinical trials include without limitation the following:

- Clinical trials may not yield sufficiently conclusive results for regulatory agencies to approve the use of our products.
- Our products may fail to be more effective than current therapies, or to be effective at all.
- We may discover that our products have adverse side effects, which could cause our products to be delayed or precluded from receiving regulatory approval or reduce the effective size of our target patient population or otherwise expose us to significant commercial and legal risks.
- It may take longer than expected to determine whether or not a treatment is safe and effective.
- Patients involved in our clinical trials may suffer severe adverse side effects even up to death, whether as a result of treatment with our products, the withholding of such treatment, or other reasons which may not include the effects of our treatment (whether within or outside of our control).

- We may fail to be able to enroll a sufficient number of patients in our clinical trials to meet trial statistical plans and gain statistical significance, or it may take longer than expected to enroll.
- Patients enrolled in our clinical trials may not have the safety or efficacy characteristics necessary to obtain regulatory approval for a particular indication or patient population.
- We may be unable to produce sufficient quantities of product to complete the clinical trials.
- Even if we are successful in our clinical trials, required governmental approvals may still not be obtained or, if obtained, may not be maintained.
- If approval for commercialization is granted, it is possible the authorized use will be more limited than is necessary for commercial success, or that approval may be conditioned on completion of further clinical trials or other activities, which will cause a substantial increase in costs and which we might not succeed in performing or completing.
- If granted, approval may be withdrawn or limited if problems with our products emerge or are suggested by the data arising from their use or if there is a change in law or regulation.

Any success we may achieve at a given stage of our clinical trials does not guarantee that we will achieve success at any subsequent stage, including without limitation final FDA or other regulatory organizations' approval.

We may encounter delays or rejections in the regulatory approval process because of additional government regulation resulting from future legislation or administrative action, or from changes in the policies of the FDA or other regulatory bodies during the period of product development, clinical trials, or regulatory review. Failure to comply with applicable regulatory requirements may result in criminal prosecution, civil penalties, recall or seizure of products, total or partial suspension of production, or an injunction preventing certain activity, as well as other regulatory action against our product candidates or us. As a company, we have no experience in successfully obtaining regulatory approval for a product and thus may be poorly equipped to gauge, and may prove unable to manage, risks relating to obtaining such approval.

Outside the U.S., our ability to market a product is contingent upon receiving clearances from appropriate non-U.S. regulatory authorities. Non-U.S. regulatory approval typically includes all of the risks associated with FDA clearance discussed above as well as geopolitical uncertainties and the additional uncertainties and potential prejudices faced by U.S. pharmaceutical companies conducting business abroad. In certain cases, governmental pricing restrictions and practices can make achieving even limited profitability very difficult.

***Even if we complete the clinical trials we discussed with the FDA, there is no guarantee that at the time of submission the FDA will accept our new drug application ("NDA") based on the trials discussed.***

The FDA provided guidance on our proposed VOICE adaptive design trial, but the FDA is not bound by the guidance they give, and can change their position in the future. Any future decision by the FDA will be driven largely by the data generated from the VOICE clinical program. However, the FDA and other regulatory organizations will learn from their total experience in the review of multiple drugs in multiple indications and they will apply the knowledge of broad and diverse experience even if less than a perfect match with our product.

***As a company, we have never completed a clinical trial and have limited experience in completing regulatory filings and any delays in regulatory filings could materially affect our financial condition.***

While members of our team have conducted numerous clinical trials at previous companies, and have launched and marketed innovative pharmaceutical products in the U.S. and internationally, as a company, we have not yet completed any clinical trials of our product candidates, nor have we demonstrated the ability to obtain marketing approvals, manufacture product candidates at a commercial scale, or conduct sales and marketing activities necessary for the successful commercialization of a product. Consequently, we have no historical basis as a company by which one can evaluate or predict reliably our future success or viability.

Additionally, while our team has experience at prior companies with regulatory filings, as a company, we have limited experience with regulatory filings with agencies such as the FDA or EMA. Any delay in our regulatory filings for our product candidates, and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including, without limitation, the FDA's issuance of a "refuse to file" letter or a request for additional information, could materially affect our financial condition.

***We may seek fast track designation for one or more of our current and future product candidates, but we might not receive such designation, and even if we do, such designation may not actually lead to a faster development or regulatory review or approval process.***

Our lead product candidate, Validive, has been given fast track designation from the FDA. Fast track designation does not ensure that we will receive marketing approval or that approval will be granted within any particular timeframe. We may not experience a faster development, regulatory review or approval process with fast track designation compared to conventional FDA procedures. Additionally, the FDA may withdraw fast track designation, for reasons such as it comes to believe a drug candidate no longer adequately addresses an unmet medical need. Fast track designation alone does not guarantee qualification for the FDA's priority review procedures. If we seek fast track designation for other product candidates, we may not receive such a designation from the FDA.

***We, or any future collaborators, may not be able to obtain and maintain orphan drug exclusivity for our product candidates in the U.S. and Europe.***

Validive has been granted orphan drug designation for the treatment of SOM in the EU. Camsirubicin has been granted orphan drug designation for the treatment of soft tissue sarcoma in the U.S. and in the EU. We may seek additional orphan drug designations or regulatory incentives for our pipeline product candidates, for other indications or for future product candidates. There can be no assurances that we will be able to obtain such designations.

Even if we obtain orphan drug designation for a product candidate, we may not be able to maintain orphan drug exclusivity for that drug. For example, orphan drug designation may be removed if the prevalence of an indication increases beyond the patient number limit required to maintain designation. Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the drug is entitled to a period of marketing exclusivity, which precludes the EMA or the FDA from approving another marketing application for the same product in the same indication for that time period. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition. Moreover, even after an orphan drug is approved, the FDA can subsequently approve a different drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care compared to our product.

The FDA may reevaluate the Orphan Drug Act and its regulations and policies, and similarly the EMA may reevaluate its policies and regulations. We do not know if, when, or how the FDA or EMA may change their orphan drug regulations and policies in the future, and it is uncertain how any changes might affect our business. Depending on what changes the FDA and/or EMA may make to their orphan drug regulations and policies, our business could be adversely impacted.

***If serious adverse or undesirable side effects are identified during the development of our product candidates, we may abandon or limit our development or commercialization of such product candidates.***

If our product candidates are associated with undesirable side effects or have unexpected characteristics, we may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.

If we elect to or are forced to suspend or terminate any clinical trial with one of our product candidates, the commercial prospects of such product candidate will be harmed, and our ability to generate revenue from such product candidate will be delayed or eliminated. Any of these occurrences may harm our business, financial condition and prospects significantly.

With regard to our lead product candidate, unforeseen side effects from Validive could arise either during clinical development or, if approved, after Validive has been marketed. This could cause regulatory approvals for, or market acceptance of, Validive harder and costlier to obtain.

To date, no difference in the frequency of serious adverse events (“SAEs”) has been observed in patients treated with Validive compared to placebo. In the Phase 2 clinical trial, two patients in the placebo group and 2 patients in the Validive 50 µg group experienced SAEs that were assessed as treatment related. No patients in the Validive treated cohorts were discontinued due to study drug. Clonidine, the active ingredient of Validive, has been used for over 50 years as an orally swallowed systemic treatment for high blood pressure. Validive administration leads to very low, but still detectable exposure of clonidine outside the oral cavity. Thus, there is some risk that patients may experience side effects due to this systemic exposure, which could include a reduction in blood pressure, irregular heartbeat, drowsiness or dry mouth.

The results of our current or any future clinical trials may show that the side effects of Validive are unacceptable or intolerable, which would interrupt, delay or halt clinical trials, and result in delay of, or failure to obtain, marketing approval from the FDA or EMA and other regulatory authorities, or result in marketing approval from the FDA or EMA and other regulatory authorities with restrictive label warnings.

If Validive receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by the use of Validive:

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

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

***As with any clinical trial, our VOICE clinical program entails significant risk of not meeting clinical endpoints. If the results of VOICE are not statistically significant, the FDA will likely not approve Validive for marketing which will result in a decrease in our stock price and market value.***

The VOICE clinical program has been designed based on an analysis of the 64 oropharyngeal cancer (“OPC”) patients included in the Phase 2 trial (n= 24 in the placebo group, n= 21 Validive 50 µg group, and n= 19 Validive 100 µg group). While a dose response was observed in the Validive treated OPC cohorts compared to placebo across multiple clinically meaningful endpoints, the ability to establish statistical significance was limited by the relatively small sample size. This increases the risk that the VOICE may not achieve its prospectively defined endpoints. Given the large unmet medical need for the prevention of CRT-induced SOM in OPC patients, we have decided to pursue an adaptive design Phase 2b/3 clinical development strategy in an effort to mitigate this risk. VOICE has a simplified design and includes an interim analysis after the 2b portion that allows for an assessment of the primary (and only) endpoint, incidence of SOM, before proceeding to the Phase 3 portion of the trial. By focusing VOICE on a single endpoint, touch points with patients and sites are minimized. This seamless design will allow us to immediately advance to the Phase 3 portion of the trial if supported by the interim data at the end of the Phase 2b portion of the trial. We may also be required to conduct a second Phase 3 confirmatory clinical trial which may not yield the same results. If our VOICE clinical trial results are not statistically significant, the FDA will likely not approve Validive for marketing, which will result in a decrease in our stock price and market value.



***If we experience delays or difficulties in the enrollment of subjects to our clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented, which could materially affect our financial condition.***

Identifying, screening and enrolling patients to participate in clinical trials of our product candidates is critical to our success, and we may not be able to identify, recruit, enroll and dose a sufficient number of patients with the required or desired characteristics to complete our clinical trials in a timely manner. The timing of our clinical trials depends on our ability to recruit patients to participate as well as to subsequently dose these patients and complete required follow-up periods. In particular, because our current clinical trials of Valdivie and camsirubicin are focused on indications with relatively small patient populations, our ability to enroll eligible patients may be limited or may result in slower enrollment than we anticipate.

In addition, we may experience enrollment delays related to increased or unforeseen regulatory, legal and logistical requirements and COVID-19-related issues at certain clinical trial sites. These delays could be caused by reviews by regulatory authorities and contractual discussions with individual clinical trial sites. Any delays in enrolling and/or dosing patients in our current clinical trials could result in increased costs, delays in advancing our product candidates, delays in testing the effectiveness of our product candidates or in termination of the clinical trials altogether.

Patient enrollment may be affected if our competitors have ongoing clinical trials with products for the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials instead enroll in our competitors' clinical trials. Patient enrollment may also be affected by other factors, including:

- delays in U.S. or foreign regulatory approvals to start the clinical trial;
- coordination with clinical research organizations to enroll and administer the clinical trials;
- coordination and recruitment of collaborators and investigators at individual sites;
- size of the patient population and the effectiveness of the process for identifying patients;
- design of the clinical trial protocol;
- eligibility and exclusion criteria;
- perceived therapeutic risks and benefits of the product candidates under study;
- availability of competing commercially available therapies and other competing products' clinical trials;
- time of year in which the trials are initiated or conducted;
- severity and prognosis of the diseases under investigation;
- ability to obtain and maintain subject consents;
- ability to enroll and treat patients in a timely manner;
- risk that enrolled subjects will drop out before completion of the trials;
- proximity and availability of clinical trial sites for prospective patients;
- ability to monitor subjects adequately during and after treatment;
- patient referral practices of physicians; and
- potential effects of the COVID-19 pandemic.

Our inability to enroll a sufficient number of patients for clinical trials would result in significant delays and could require us to abandon one or more clinical trials altogether. Enrollment delays in these clinical trials may result in increased development costs for our product candidates, which could materially affect our financial condition.

***If we or our licensees, development collaborators, or suppliers are unable to manufacture our products in sufficient quantities or at defined quality specifications, or are unable to obtain regulatory approvals for the manufacturing facility, we may be unable to develop and/or meet demand for our products and lose time to market and potential revenues.***

Completion of our clinical trials and commercialization of our product candidates require access to, or development of, facilities to manufacture a sufficient supply of our product candidates. We will utilize third parties to manufacture Validive, camsirubicin, and MNPR-101. We currently have manufacturing arrangements for Validive and camsirubicin. We have not yet secured a manufacturing agreement for MNPR-101, MNPR-101 RIT or MNPR-202.

In the future we may become unable, for various reasons, to rely on our sources for the manufacture of our product candidates, either for clinical trials or, at some future date, for commercial distribution. We may not be successful in identifying additional or replacement third-party manufacturers, or in negotiating acceptable terms with any we do identify. We may face competition for access to these manufacturers' facilities and may be subject to manufacturing delays if the manufacturers give other clients higher priority than they give to us. Even if we are able to identify an additional or replacement third-party manufacturer, the delays and costs associated with establishing and maintaining a relationship with such manufacturer may have a material adverse effect on us.

Before we can begin to commercially manufacture Validive, camsirubicin, MNPR-101, MNPR-101 RIT, MNPR-202 or any other product candidate, we must obtain regulatory approval of the manufacturing facility and process. Manufacturing of drugs for clinical and commercial purposes must comply with current Good Manufacturing Practices requirements, commonly known as "cGMP." The cGMP requirements govern quality control and documentation policies and procedures. Complying with cGMP and non-U.S. regulatory requirements will require that we expend time, money, and effort in production, recordkeeping, and quality control to ensure that the product meets applicable specifications and other requirements. We, or our contracted manufacturing facility, must also pass a pre-approval inspection prior to FDA approval. Failure to pass a pre-approval inspection will likely significantly delay or prevent FDA approval of our products. If we fail to comply with these requirements, we would be subject to possible regulatory action and may be limited in the jurisdictions in which we are permitted to sell our products and will lose time to market and potential revenues.

***It is uncertain whether product liability insurance will be adequate to address product liability claims, or that insurance against such claims will be affordable or available on acceptable terms in the future.***

Clinical research involves the testing of new drugs on human volunteers pursuant to a clinical trial protocol. Such testing involves a risk of liability for personal injury to or death of patients due to, among other causes, adverse side effects, improper administration of the new drug, or improper volunteer behavior. Claims may arise from patients, clinical trial volunteers, consumers, physicians, hospitals, companies, institutions, researchers, or others using, selling, or buying our products, as well as from governmental bodies including a possibility in some states for product liability claims being made based on generic copies of our drugs. In addition, product liability and related risks are likely to increase over time, in particular upon the commercialization or marketing of any products by us or parties with which we enter into development, marketing, or distribution collaborations. Although we have obtained product liability insurance in connection with our clinical trials, there can be no assurance that the amount and scope of such insurance coverage will be appropriate and sufficient in the event any claims arise, that we will be able to secure additional coverage should we attempt to do so, or that our insurers would not contest or refuse any attempt by us to collect on such insurance policies. Regardless of their merit or eventual outcome, product liability claims may result in:

- withdrawal of clinical trial volunteers;
- decreased demand for our products when approved;
- injury to our reputation and significant, adverse media attention; and
- potentially significant litigation costs, including without limitation, any damages awarded to the plaintiffs if we lose or settle claims.

***If the market opportunities for our current and potential future drug candidates are smaller than we believe they are, our ability to generate product revenues will be adversely affected and our business may suffer.***

Our understanding of the number of people who suffer from SOM resulting from CRT for the treatment of OPC, whom Validive may have the potential to treat, is based upon estimates and on various reports from governments or medical institutions. These estimates or reports may prove to be incorrect, and new studies may demonstrate or suggest a lower estimated incidence or prevalence of this condition. The number of patients in the U.S. or elsewhere may turn out to be lower than expected, may not be otherwise amenable to Validive treatment, or treatment-amenable patients may become increasingly difficult to identify and access, all of which would adversely affect our business prospects and financial condition. In particular, the treatable population for Validive may further be reduced if our estimates of addressable populations are erroneous or sub-populations of patients within the addressable population do not derive benefit from Validive.

#### **Risks Related to Our Reliance on Third Parties**

***Corporate, non-profit, and academic collaborators may take actions (including lack of effective actions) to delay, prevent, or undermine the success of our products.***

Our operating and financial strategy for the development, clinical testing, manufacture, and commercialization of product candidates is heavily dependent on us entering into collaborations with corporations, non-profit organizations, academic institutions, licensors, licensees, and other parties. There can be no assurance that we will be successful in establishing such collaborations. Current and future collaborations are and may be terminable at the sole discretion of the collaborator. The activities of any collaborator will not be within our direct control and may not be in our power to influence. There can be no assurance that any collaborator will perform its obligations to our satisfaction or at all; that we will derive any revenue, profits, or benefit from such collaborations; or that any collaborator will not compete with us. If any collaboration is not pursued, we may require substantially greater capital to undertake development and commercialization of our proposed products, and may not be able to develop and commercialize such products effectively, if at all. In addition, a lack of development and commercialization collaborations may lead to significant delays in introducing proposed products into certain markets and/or reduced sales of proposed products in such markets. Furthermore, current and future collaborators may act deliberately or inadvertently in ways detrimental to our interests.

***The termination of third-party licenses could adversely affect our rights to important compounds or technologies.***

We have exercised our option to license Validive; as such, Onxeo has the ability to terminate the license if we breach our obligations under the license agreement. A termination of the license agreement might force us to cease developing and/or selling Validive, if it gets to market. We rely on certain rights to MNPR-101 that we have secured through a non-exclusive license agreement with XOMA. XOMA, as licensor, has the ability to terminate the license if we breach our obligations under the license agreement and do not remedy any such breach within a set time after receiving written notice of such breach from XOMA. A termination of the license agreement might force us to cease developing and/or selling MNPR-101, if it gets to market.

***Data provided by collaborators and other parties upon which we rely have not been independently verified and could turn out to be inaccurate, misleading, or incomplete.***

We rely on third-party vendors, scientists, and collaborators to provide us with significant data and other information related to our projects, clinical trials, and business. We do not independently verify or audit all of such data (including possibly material portions thereof). As a result, such data may be inaccurate, misleading, or incomplete.

***In certain cases, we may need to rely on a single supplier for a particular manufacturing material or service, and any interruption in or termination of service by such supplier could delay or disrupt the commercialization of our products.***

We rely on third-party suppliers for the materials used to manufacture our compounds. Some of these materials may at times only be available from one supplier. Any interruption in or termination of service by such single source suppliers could result in a delay or disruption in manufacturing until we locate an alternative source of supply. There can be no assurance that we would be successful in locating an alternative source of supply or in negotiating acceptable terms with such prospective supplier.

***Our Validive manufacturer is in the United Kingdom (“UK”), and it is unknown in the long-term how they will be impacted by Brexit; however, if they are negatively impacted, this could increase our manufacturing costs, delivery schedules, and adversely impact our financial condition.***

The UK left the European Union (“EU”) on January 31, 2020, which is commonly referred to as “Brexit.” The full long-term impact of Brexit, however, remains uncertain. Our Validive manufacturer may be negatively affected by interest rate, exchange rate and other market and economic volatility, as well as regulatory and political uncertainty. The tax consequences of the UK’s withdrawal from the EU are uncertain as well. If Brexit has a detrimental effect on our Validive manufacturer, it could, in turn, adversely impact our manufacturing costs and financial condition.

***We rely on a limited number of contracted manufacturing plants.***

Our contracted camsirubicin active pharmaceutical ingredient manufacturing plant and our contracted raw materials manufacturing plant are in countries in Asia and Europe, either of which may be affected by imposed tariffs and regional geopolitical factors outside of their control, including the Russia-Ukraine conflict, which may affect the supply of camsirubicin active pharmaceutical ingredient and raw materials. If we need to enlist new contract manufacturers, it will delay our camsirubicin clinical program and may increase our cost for our Phase 1b and future camsirubicin clinical trials.

***We rely on third parties to conduct our non-clinical studies and our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize our current product candidates or any future products, on a timely basis or at all, and our financial condition will be adversely affected.***

We do not have the capacity to independently conduct non-clinical studies and clinical trials. We rely on medical institutions, clinical investigators, contract laboratories, collaborative partners and other third parties, such as contract research organizations or clinical research organizations, to conduct non-clinical studies and clinical trials on our product candidates. The third parties with whom we contract for execution of our non-clinical studies and clinical trials play a significant role in the conduct of these studies and trials and the subsequent collection and analysis of data. However, these third parties are not our employees, and except for contractual duties and obligations, we have limited ability to control the amount or timing of resources that they devote to our programs.

Although we rely on third parties to conduct our non-clinical studies and clinical trials, we remain responsible for ensuring that each of our non-clinical studies and clinical trials is conducted in accordance with its investigational plan and protocol. Moreover, the FDA, EMA and other foreign regulatory authorities require us to comply with regulations and standards, including some regulations commonly referred to as good clinical practices (“GCPs”), for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial subjects are adequately informed of the potential risks of participating in clinical trials.

In addition, the execution of non-clinical studies and clinical trials, and the subsequent compilation and analyses of the data produced, requires coordination among various parties. In order for these functions to be carried out effectively and efficiently, it is imperative that these parties communicate and coordinate with one another. Moreover, these third parties may also have relationships with other commercial entities, some of which may compete with us. Under certain circumstances, these third parties may be able to terminate their agreements with us upon short notice. If the third parties conducting our clinical trials do not perform their contractual duties or obligations, experience work stoppages, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical trial protocols or GCPs, or for any other reason, we may need to enter into new arrangements with alternative third parties, which could be difficult, costly or impossible, and our clinical trials may be extended, delayed or terminated or may need to be repeated. If any of the foregoing were to occur, we may not be able to obtain, on a timely basis or at all, regulatory approval for or to commercialize the product candidate being tested in such trials, and as a result, our financial condition will be adversely affected.

## Risks Related to Commercialization of Our Product Candidates

***We have no experience as a company in commercializing any product. If we fail to obtain commercial expertise, upon product approval by regulatory agencies, our product launch and revenues could be delayed.***

As a company, we have never obtained regulatory approval for, or commercialized, any product. Accordingly, we have not yet begun to build out any sales or marketing or distribution capabilities. If we are unable to establish, or contract for, effective sales and marketing and distribution capabilities, or if we are unable to enter into agreements with third parties to commercialize our product candidates on favorable terms or on any reasonable terms at all, we may not be able to effectively generate product revenues once our product candidates are approved for marketing. If we fail to obtain commercial expertise or capabilities, upon drug approval, our product launch and subsequent revenues could be delayed and /or fail to reach their commercial potential.

***Our product development efforts are at an early stage. We have not yet undertaken any marketing efforts, and there can be no assurance that future anticipated market testing and analyses will validate our marketing strategy. We may need to modify the products, or we may not be successful in either developing or marketing those products.***

As a company, we have not completed the development or clinical trials of any product candidates and, accordingly, have not yet begun to market or generate revenue from the commercialization of any products. Obtaining approvals of these product candidates will require substantial additional research and development as well as costly clinical trials. There can be no assurance that we will successfully complete development of our product candidates or successfully market them. We may encounter problems and delays relating to research and development, regulatory approval, intellectual property rights of product candidates, or other factors. There can be no assurance that our development programs will be successful, that our product candidates will prove to be safe and effective in or after clinical trials, that the necessary regulatory approvals for any product candidates will be obtained, or, even if obtained, will be as broad as sought or will be maintained for any period thereafter, that patents will issue on our patent applications, that any intellectual property protections we secure will be adequate, or that our collaboration arrangements will not diminish the value of our intellectual property through licensing or other arrangements. Furthermore, there can be no assurance that any product we might market will be received favorably by customers (whether physicians, payers, patients, or all three), adequately reimbursed by third-party payers, or that competitive products will not perform better and/or be marketed more successfully. Additionally, there can be no assurances that any future market testing and analyses will validate our marketing strategies. We may need to seek to modify the product labels through additional studies in order to be able to market them successfully to reach their commercial potential.

***If we are unable to establish relationships with licensees or collaborators to carry out sales, marketing, and distribution functions or to create effective marketing, sales, and distribution capabilities, we will be unable to market our products successfully.***

Our business strategy may include out-licensing product candidates to or collaborating with larger firms with experience in marketing and selling pharmaceutical products. There can be no assurance that we will successfully be able to establish marketing, sales, or distribution relationships with any third-party, that such relationships, if established, will be successful, or that we will be successful in gaining market acceptance for any products we might develop. To the extent that we enter into any marketing, sales, or distribution arrangements with third parties, our product revenues per unit sold are expected to be lower than if we marketed, sold, and distributed our products directly, and any revenues we receive will depend upon the efforts of such third parties.

If we are unable to establish such third-party marketing and sales relationships, or choose not to do so, we would have to establish in-house marketing and sales capabilities. We have no experience in marketing or selling oncology pharmaceutical products, and currently have no marketing, sales, or distribution infrastructure and no experience developing or managing such infrastructure for an oncology related product. To market any products directly, we would have to establish a marketing, sales, and distribution force that has technical expertise and could support a distribution capability. Competition in the biopharmaceutical industry for technically proficient marketing, sales, and distribution personnel is intense and attracting and retaining such personnel may significantly increase our costs. There can be no assurance that we will be able to establish internal marketing, sales, or distribution capabilities or that these capabilities will be sufficient to meet our needs.

***Commercial success of our product candidates will depend on the acceptance of these products by physicians, payers, and patients.***

Any product candidate that we may develop may not gain market acceptance among physicians, payers and patients. Market acceptance of and demand for any product that we may develop will depend on many factors, including without limitation:

- Comparative superiority of the efficacy and safety in the treatment of the disease indication compared to alternative treatments;
- Less incidence, less prevalence and more severity of adverse side effects;
- Potential advantages over alternative treatments;
- Cost effectiveness;
- Convenience and ease of administration, stability and shelf life, for distributor, physician and patient;
- Sufficient third-party coverage and/or reimbursement;
- Strength of sales, marketing and distribution support; and
- Our ability to provide acceptable and compelling evidence of safety and efficacy.

If any product candidate developed by us receives regulatory approval but does not achieve an adequate level of market acceptance by physicians, payers, and patients, we may generate insufficient, little, or no product revenue to earn appropriate returns on the investment of product development costs and may not become profitable at sufficient product sales volumes to earn sustainable profitability.

***Our products may not be accepted for reimbursement or adequately reimbursed by third-party payers.***

The successful commercialization of any products we might develop will depend substantially on whether the costs of our products and related treatments are reimbursed at acceptable levels by government authorities, private healthcare insurers, and other third-party payers, such as health maintenance organizations. Reimbursement rates may vary, depending upon the third-party payer, the type of insurance plan, and other similar or dissimilar factors. If our products do not achieve adequate reimbursement, then the number of physician prescriptions of our products may not be sufficient to make our products profitable, and to earn a sufficient profit to earn a reasonable return on our investment and a provide a cash flow to finance future investments on the next generation of products and investments in new technological platforms.

Comparative effectiveness research demonstrating benefits of a competitor's product could adversely affect the sales of our product candidates. If third-party payers do not consider our products to be cost-effective compared to other available therapies, they may not cover our products as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our products on a profitable basis sufficient for our Company to remain competitive and thrive.

Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in the product development of that product. In addition, in the U.S. there is a growing emphasis on comparative effectiveness research, both by private payers and by government agencies. To the extent other drugs or therapies are found to be more effective than our products, payers may elect to cover such therapies in lieu of our products or reimburse our products at a lower rate.

***The effects of economic and political pressure to lower pharmaceutical prices are a major threat to the economic viability of new research-based pharmaceutical products, and any significant decrease in drug prices could materially and adversely affect our prospects.***

Emphasis on managed care and government price controls in the U.S. has increased and we expect this will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Any development along these lines could materially and adversely affect our prospects. We are unable to predict what political, legislative or regulatory changes relating to the healthcare industry, including without limitation any changes affecting governmental and/or private or third-party coverage and reimbursement, may be enacted in the future, or what effect such legislative or regulatory changes would have on our business. However, if governmental price management does not provide for the very high price of pharmaceutical research, it could create very demanding challenges for our industry and our prospects or require breakthroughs in research productivity, which there can be no assurance of.

***If we obtain FDA approval for any of our product candidates, we will be subject to various federal and state fraud and abuse laws; these laws may impact, among other things, our proposed sales, marketing and education programs. Fraud and abuse laws are expected to increase in breadth and in detail, which will likely increase our operating costs and the complexity of our programs to ensure compliance with such enhanced laws.***

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the U.S., our operations may be directly, or indirectly through our customers, distributors, or other business partners, subject to various federal and state fraud and abuse laws, including, without limitation, anti-kickback statutes and false claims statutes which may increase our operating costs. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to data privacy and security regulation by both the federal government and the states in which we conduct business.

***If our operations are found to be in violation of any of the federal and state fraud and abuse laws or any other governmental regulations that apply to us, we may be subject to criminal actions and significant civil monetary penalties, which would adversely affect our ability to operate our business and our results of operations.***

If our operations are found to be in violation, even inadvertently, of any of the federal and state fraud and abuse laws, including, without limitation, anti-kickback statutes and false claims statutes or any other governmental regulations that apply to us, we may be subject to penalties, including criminal and significant civil monetary penalties, damages, fines, imprisonment, exclusion from participation in government healthcare programs, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. To the extent that any of our product candidates are ultimately sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws, and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

***Negotiated prices for our products covered by a Part D prescription drug plan and other government programs will be lower than the prices we might otherwise obtain.***

Government payment for some of the costs of prescription drugs may increase demand for our products for which we receive marketing approval; however, any negotiated prices for our products covered by a Part D prescription drug plan and other government programs will be lower than the prices we might otherwise obtain. We anticipate that the number and type of products that will be subject to federal pricing will increase over time. There may be rules to demand that the government and medical institutions, which are in part supported by government funding, will be granted access to medicines at the same highly favorable prices given to the governmental direct medical care programs.

## Risks Related to Our Intellectual Property

*If we and our third-party licensors do not obtain and preserve protection for our respective intellectual property rights, our competitors may be able to take advantage of our (and our licensors') development efforts to develop competing drugs.*

Our commercial success will depend in part on obtaining patent protection for any products and other technologies we might develop, and successfully defending any patents we obtain against third-party challenges. We have licensed all intellectual property related to Valdiviv from Onxeo S.A., a French public company. See “Business – License, Development and Collaboration Agreements”. The assignment and transfer of the camsirubicin (formerly GPX-150) patent portfolio from TacticGem, LLC (“TacticGem”) to us has been completed. We filed and have been granted in the U.S. and various countries around the world patents for antibodies that target uPAR for our MNPR-101 program. We have also been granted in the U.S. and various countries around the world patents to a specific sequence of amino acids on uPAR, to which our MNPR-101 antibody binds. We are currently prosecuting this patent in other countries around the world to further protect MNPR-101. The patent process is subject to numerous risks and uncertainties, and there can be no assurance that we will be successful in obtaining and defending patents. See “Business - Intellectual Property Portfolio and Exclusivity”. These risks and uncertainties include without limitation the following:

- Patents that may be issued or licensed may be challenged, invalidated, or circumvented; or may not provide any competitive advantage for other reasons.
- Our licensors may terminate or breach our existing or future license agreements, thereby reducing or preventing our ability to exclude competition; termination of such license agreements may also subject us to risk of patent infringement of patents to which we no longer have a license.
- Our competitors, many of which have substantially greater resources than us and have made significant investments in competing technologies, may seek, or may already have obtained, patents that will limit, interfere with, or eliminate our ability to make, use, and sell our potential products either in the U.S. or in international markets.
- As a matter of public policy regarding worldwide health concerns, there may be significant pressure on the U.S. government and other international governmental bodies to limit the scope of domestic and international patent protection for cancer treatments that prove successful.
- Countries other than the U.S. may have less restrictive patent laws than those upheld by the U.S. courts; therefore, non-U.S. competitors could exploit these laws to create, develop, and market competing products. In some countries, the legal compliance with pharmaceutical patents, patent applications and other intellectual property regulations is very weak or actively evaded in some cases with government aid.

In addition, the U.S. Patent and Trademark Office (“USPTO”) and patent offices in other jurisdictions have often required that patent applications concerning pharmaceutical and/or biotechnology-related inventions be limited or narrowed substantially to cover only the specific innovations exemplified in the patent application, thereby limiting their scope of protection against competitive challenges. Thus, even if we or our licensors are able to obtain patents, the scope of the patents may be substantially narrower than anticipated.

If we permit our patents to lapse or expire, we will not be protected and will have less of a competitive advantage. The value of our products may be greatly reduced if this occurs. Our patents expire at different times and are subject to the laws of multiple countries. Some of our patents are currently near expiration and we may pursue patent term extensions for these where appropriate. See “Business - Intellectual Property Portfolio and Exclusivity”.

In addition to patents, we also rely on trade secrets and proprietary know-how. While we take measures to protect this information by entering into confidentiality and invention agreements with our employees, consultants and collaborators, we cannot provide any assurances that these agreements will be fully enforceable and will not be breached, that we will be able to protect ourselves from the harmful effects of disclosure if they are not fully enforceable or are breached, that any remedy for a breach will adequately compensate us, that these agreements will achieve their intended aims, or that our trade secrets will not otherwise become known or be independently discovered by competitors. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the U.S., are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed, and the value of the trade secrets may be greatly reduced.



***The patent protection we obtain and preserve for our product candidates may not be sufficient to provide us with any material competitive advantage.***

We may be subject to competition despite the existence of intellectual property we license or own. We can give no assurances that our intellectual property claims will be sufficient to prevent third parties from designing around patents we own or license and developing and commercializing competitive products. The existence of competitive products that avoid our intellectual property could materially adversely affect our operating results and financial condition. Furthermore, limitations, or perceived limitations, in our intellectual property may limit the interest of third parties to partner, collaborate or otherwise transact with us, if third parties perceive a higher than acceptable risk to commercialization of our products or future products. When looking at our Validive patents' ability to block competition, the protection offered by our patents may be, to some extent, more limited than the protection provided by patents claiming the composition of matter of entirely new chemical structures previously unknown. If a competitor were able to successfully design around any method of use and formulation patents we may have now or in the future, it is highly likely that our business and competitive advantage would be adversely affected.

***Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.***

Patents have a limited lifespan. In the U.S., if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product candidate, we may be open to competition from competitive medications, including generic medications. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing product candidates similar or identical to ours.

Depending upon the timing, duration and conditions of any FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the European Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to exercise due diligence during the testing phase or regulatory review process, fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. Only one patent per approved product can be extended, the extension cannot extend the total patent term beyond 14 years from approval and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for the applicable product candidate will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case, and our competitive position, business, financial condition, results of operations, and prospects would be materially harmed.

***Intellectual property disputes could require us to spend time and money to address such disputes and could limit our intellectual property rights.***

The biopharmaceutical industry has been characterized by extensive litigation regarding patents and other intellectual property rights, and companies have employed intellectual property litigation and USPTO post-grant proceedings to gain a competitive advantage. We may become subject to infringement claims or litigation arising out of patents and pending applications of our competitors, or additional interference proceedings declared by the USPTO to determine the priority and patentability of inventions. The defense and prosecution of intellectual property suits, USPTO proceedings, and related legal and administrative proceedings are costly and time-consuming to pursue, and their outcome is uncertain. Litigation may be necessary to enforce our issued patents, to protect our trade secrets and know-how, or to determine the enforceability, scope, and validity of the proprietary rights of others. An adverse determination in litigation or USPTO post-grant and interference proceedings to which we may become a party could subject us to significant liabilities, require us to obtain licenses from third parties, or restrict or prevent us from selling our products in certain markets. Even if a given patent or intellectual property dispute were settled through licensing or similar arrangements, our costs associated with such arrangements may be substantial and could include the payment by us of large, fixed payments and ongoing royalties. Furthermore, the necessary licenses may not be available on satisfactory terms or at all. Even where we have meritorious claims or defenses, the costs of litigation may prevent us from pursuing these claims or defenses and/or may require extensive financial and personnel resources to pursue these claims or defenses. In addition, it is possible there may be defects of form in our current and future patents that could result in our inability to defend the intended claims. Intellectual property disputes arising from the aforementioned factors, or other factors, may materially harm our business.

***We may not be able to enforce our intellectual property rights throughout the world.***

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the U.S. Companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to life sciences. This could make it difficult for us to stop the infringement of our patents or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market Validive or any future products. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in the U.S. and foreign countries may affect our ability to obtain and enforce adequate intellectual property protection for our products and technology.

***Changes to the patent law in the U.S. and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.***

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal diligence and complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain. In addition, the U.S. has recently enacted and is currently implementing wide ranging patent reform legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, as well as other jurisdictions around the world, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

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

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance due to issues beyond our control, can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

***If we fail to comply with our obligations under any license, collaboration or other intellectual property-related agreements, we may be required to pay damages and could lose intellectual property rights that may be necessary for developing, commercializing and protecting our current or future technologies or drug candidates or we could lose certain rights to grant sublicenses.***

Any license, collaboration or other intellectual property-related agreements impose, and any future license, collaboration or other intellectual property-related agreements we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement or other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license. In spite of our best efforts, any of our future licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize products and technologies covered by these license agreements. Any license agreements we enter into may be complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

We may seek to obtain licenses from licensors in the future, however, we may be unable to obtain any such licenses at a reasonable cost or on reasonable terms, if at all. In addition, if any of our future licensors terminate any such license agreements, such license termination could result in our inability to develop, manufacture and sell products that are covered by the licensed technology or could enable a competitor to gain access to the licensed technology. Any of these events could have a material adverse effect on our competitive position, business, financial condition, results of operations, and ability to achieve profitability.

Furthermore, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement and defense of patents and patent applications that we license from third parties. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If our future licensors fail to prosecute, maintain, enforce and defend patents we may in-license, or lose rights to licensed patents or patent applications, our license rights may be reduced or eliminated. In such circumstances, our right to develop and commercialize any of our products or drug candidates that is the subject of such licensed rights could be materially adversely affected. In certain circumstances, our licensed patent rights are subject to our reimbursing our licensors for their patent prosecution and maintenance costs.

Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing, misappropriating or otherwise violating the licensor's intellectual property rights and the amount of any damages or future royalty obligations that would result, if any such claims were successful, would depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, due to such obligations, we may be unable to achieve or maintain profitability.

***Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse impact on the success of our business.***

Our commercial success depends, in part, upon our ability or the ability of any of our future collaborators to develop, manufacture, market and sell our current or any future drug candidates and to use our proprietary technologies without infringing, misappropriating or otherwise violating the proprietary and intellectual property rights of third parties. The biotechnology and pharmaceutical industries are characterized by extensive and complex litigation regarding patents and other intellectual property rights.

We or any of our future licensors or strategic partners, may be party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our current or any potential future drug candidates and technologies, including derivation, reexamination, inter partes review, post-grant review or interference proceedings before the USPTO and similar proceedings in jurisdictions outside of the U.S. such as opposition proceedings. If we or our licensors or strategic partners are unsuccessful in any interference proceedings or other priority or validity disputes (including through any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In some instances, we may be required to indemnify our licensors or strategic partners for the costs associated with any such adversarial proceedings or litigation. Third parties may also assert infringement, misappropriation or other claims against us, our licensors or our strategic partners based on existing patents or patents that may be granted in the future, as well as other intellectual property rights, regardless of their merit. There is a risk that third parties may choose to engage in litigation or other adversarial proceedings with us, our licensors or our strategic partners to enforce or otherwise assert their patent rights or other intellectual property rights. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents and other intellectual property rights are valid, enforceable and infringed, which could have a material adverse impact on our ability to utilize our developed technologies or to commercialize our current or any future drug candidates deemed to be infringing. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity by presenting clear and convincing evidence of invalidity. There is no assurance that a court of competent jurisdiction, even if presented with evidence we believe to be clear and convincing, would invalidate the claims of any such U.S. patent.

Further, we cannot guarantee that we will be able to successfully settle or otherwise resolve such adversarial proceedings or litigation. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or to continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our drug candidates. If we or any of our licensors or strategic partners are found to infringe, misappropriate or violate a third-party patent or other intellectual property rights, we could be required to pay damages, including treble damages and attorney's fees, if we are found to have willfully infringed. In addition, we, or any of our licensors or strategic partners may choose to seek, or be required to seek, a license from a third-party, which may not be available on commercially reasonable terms, if at all. Even if a license can be obtained on commercially reasonable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us, and we could be required to make substantial licensing and royalty payments. We also could be forced, including by court order, to cease utilizing, developing, manufacturing and commercializing our developed technologies or drug candidates deemed to be infringing. We may be forced to redesign current or future technologies or products. Any of the foregoing could have a material adverse effect on our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

In addition, we or our licensors or strategic partners may find it necessary to pursue claims or to initiate lawsuits to protect or enforce our patent or other intellectual property rights. If we or our licensors or strategic partners were to initiate legal proceedings against a third-party to enforce a patent covering one of our drug candidates or our developed technology, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, claiming patent-ineligible subject matter, lack of novelty, indefiniteness, lack of written description, non-enablement, anticipation or obviousness. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO or made a misleading statement during prosecution. The outcome of such invalidity and unenforceability claims is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art of which we or our licensors or strategic partners and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we could lose at least part, and perhaps all, of the patent protection for one or more of our drug candidates. The narrowing or loss of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical technologies and products. All of these events could have a material adverse effect on our business, financial condition, results of operations and prospects. Patent and other intellectual property rights also will not protect our drug candidates and technologies if competitors or third parties design around such drug candidates and technologies without legally infringing, misappropriating or violating our patent or other intellectual property rights.

The cost to us in defending or initiating any litigation or other proceedings relating to our patent or other intellectual property rights, even if resolved in our favor, could be substantial, and any litigation or other proceedings would divert our management's attention and distract our personnel from their normal responsibilities. Such litigation or proceedings could materially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to more effectively sustain the costs of complex patent litigation because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and materially limit our ability to continue our operations. Furthermore, because of the substantial amount of discovery required in connection with certain such proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, such announcements could have a material adverse effect on the price of our common stock.

***Intellectual property rights of third parties could adversely affect our ability to commercialize our current or future technologies or drug candidates, and we might be required to litigate or obtain licenses from third parties to develop or market our current or future technologies or drug candidates, which may not be available on commercially reasonable terms, or at all.***

There are numerous companies that have pending patent applications and issued patents broadly covering immune-therapies generally or covering small molecules directed against the same targets as, or targets similar to, those we are pursuing. Our competitive position may materially suffer if patents issued to third parties or other third-party intellectual property rights cover our current or future technologies, drug candidates or elements thereof, or our manufacture or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize current or future technologies or drug candidates unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property rights concerned or enter into a license agreement with the intellectual property rights holder, if available on commercially reasonable terms. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or drug candidates. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our current or future technologies or drug candidates. Should such an infringement claim be successfully brought, we may be required to pay substantial damages or be forced to abandon our current or future technologies or drug candidates or to seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

Third-party intellectual property rights holders may also actively bring infringement, misappropriation or other claims alleging violations of intellectual property rights against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or to continue costly, unpredictable and time-consuming litigation and may be prevented from, or experience substantial delays in, marketing our drug candidates. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing any of our current or future technologies or drug candidates that are held to be infringing, misappropriating or otherwise violating third-party intellectual property rights. We might, if possible, also be forced to redesign current or future technologies or drug candidates so that we no longer infringe, misappropriate or violate the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business, which could have a material adverse effect on our financial condition and results of operations.

#### **Risks Related to Our Business Operations and Industry**

***As a recently established entity, we have a limited operating history.***

To date, we have engaged exclusively in acquiring pharmaceutical product candidates, licensing rights to product candidates, entering into collaboration agreements with respect to key services or technologies for our drug product development, and commenced clinical trials, but have not yet completed any clinical trials, received any governmental approvals, brought any product to market, manufactured products in commercial quantities or sold any pharmaceutical products. As a company we have limited experience in negotiating, establishing, and maintaining strategic relationships, conducting clinical trials, and managing the regulatory approval process, all of which will be necessary if we are to be successful. Our lack of experience in these critical areas makes it difficult for a prospective investor to evaluate our abilities and increases the risk that we will fail to successfully execute our strategies.

Furthermore, if our business grows rapidly, our operational, managerial, legal, and financial resources will be strained. Our development will require continued improvement and expansion of our management team and our operational, managerial, legal, and financial systems and controls.

In the normal course of business, we have evaluated and expect to evaluate potential acquisitions and/or licenses of patents, compounds, and technologies that our management believes could complement or expand our business. In the event that we identify an acquisition or license candidate we find attractive, there is no assurance that we will be successful in negotiating an agreement to acquire or license, or in financing or profitably exploiting, such patents, compounds, or technologies. Furthermore, such an acquisition or license could divert management time and resources away from other activities that would further our current business development.

***If we lose key management leadership, and/or scientific personnel, and if we cannot recruit qualified employees, managers, directors, officers, or other significant personnel, it is highly likely that we will experience program delays and increases in compensation costs, and our business will be materially disrupted.***

Our future success is highly dependent on the continued service of principal members of our management, leadership, and scientific personnel, who are able to terminate their employment with us at any time and may be able to compete with us. The loss of any of our key management, leadership, or scientific personnel including, in particular, Christopher M. Starr, our Executive Chairman of the Board of Directors (referred to as the “Board”), Chandler D. Robinson, our President and CEO, and Andrew P. Mazar, our Executive Vice President of Research and Development and Chief Scientific Officer, could materially disrupt our business and materially delay or prevent the successful product development and commercialization of our product candidates. We have employment agreements with Dr. Robinson and Dr. Mazar which have no term but are for at-will employment, meaning the executives have the ability to terminate their employment at any time. We do not have an employment agreement with Dr. Starr.

Our future success will also depend on our continuing ability to identify, hire, and retain highly skilled personnel for all areas of the organization. Competition in the biopharmaceutical industry for scientifically and technically qualified personnel is intense, and we may be unsuccessful in identifying, hiring, and retaining qualified personnel. Our continued requirement to identify, hire, and retain highly competent personnel may cause our compensation costs to increase materially.

***We incur costs as a result of operating as a public company, and our management is required to devote substantial time to investor relations, information and communication to the public, and related compliance initiatives and corporate governance practices.***

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Capital Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our Board. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

***Despite ongoing compliance training and periodic education, our employees and consultants may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could result in delays or terminations of our development programs and adversely affect our business.***

Although we regularly train our employees on compliance and we are aware of no misconduct or improper activities to date, we are exposed to the risk of employee or consultant fraud or other misconduct. Misconduct by our employees or consultants could include intentional failures to: comply with FDA regulations; provide accurate information to the FDA; comply with manufacturing standards; comply with federal and state healthcare fraud and abuse laws and regulations; report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee and consultant misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter such misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions. Such actions could adversely affect our business including delaying or terminating one or more of our development programs.

***We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.***

We are an emerging growth company. Under the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected to opt out of this provision and, as a result, we will comply with new or revised accounting standards when they are required to be adopted by public companies that are not emerging growth companies.

For as long as we continue to be an emerging growth company, we also intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory stockholder vote on executive compensation and any golden parachute payments not previously approved, exemption from the requirement of auditor attestation in the assessment of our internal control over financial reporting and exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (auditor discussion and analysis). If we do take advantage of these exemptions, the information that we provide stockholders will be different than what is available with respect to other public companies. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If investors find our common stock less attractive as a result of our status as an emerging growth company, there may be less liquidity for our common stock and our stock price may be more volatile.

We will remain an emerging growth company until the earliest of (1) the last day of the year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

***Competition and technological change may make our product candidates less competitive or obsolete.***

The biopharmaceutical industry is subject to rapid technological change. We have many potential competitors, including major drug and chemical companies, specialized biopharmaceutical firms, universities and other research institutions. These companies, firms, and other institutions may develop products that are more effective than our product candidates or that would make our product candidates less competitive or obsolete. Many of these companies, firms, and other institutions have greater financial resources than us and may be better able to withstand and respond to adverse market conditions within the biopharmaceutical industry, including without limitation the lengthy product development and regulatory approval processes for product candidates.

***We face significant competition from other biotechnology and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.***

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While we believe we have significant competitive advantages with our expertise in small molecules and biologics, and rare disease clinical development, along with a strong intellectual property portfolio, we currently face and will continue to face competition for our drug development programs from companies that target SOM, are developing doxorubicin analogs/replacement, are targeting severe COVID-19 and are targeting uPAR. The competition is likely to come from multiple sources, including larger pharmaceutical companies, biotechnology companies and academia. Accordingly, our competitors may have more resources and be more successful than us in obtaining approval for treatments and achieving widespread market acceptance. For any products that we may ultimately commercialize, not only will we compete with any existing therapies and those therapies currently in development, we will have to compete with new therapies that may become available in the future.

***We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.***

From time to time, we may consider strategic transactions, such as acquisitions of companies, asset purchases, and out-licensing or in-licensing of products, product candidates or technologies. Additional potential transactions that we may consider include a variety of different business arrangements, including spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Any such transaction will require us to incur non-recurring or other charges, may increase our near- and long-term expenditures and may pose significant integration challenges or disrupt our management or business, which could adversely affect our operations and financial results. For example, these transactions may entail numerous operational and financial risks, including:

- exposure to unknown technologies, product candidates, medical conditions and indications, product manufacturing challenges and uncertainties, and other unknown factors of potential high risk;
- disruption of our business and diversion of our management's time and attention in order to develop acquired products, product candidates or technologies;
- incurrence of substantial debt or dilutive issuances of equity securities to pay for acquisitions;
- higher-than-expected acquisition and integration costs;
- write-downs of assets, goodwill or impairment charges;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to retain key employees of any acquired businesses or for our current business based on changed circumstances.

Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks, and could have a material adverse effect on our business, results of operations, financial condition and prospects.



***Our business and operations are vulnerable to computer system failures, cyber-attacks or deficiencies in our cyber-security, which could increase our expenses, divert the attention of our management and key personnel away from our business operations and adversely affect our results of operations.***

Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from: computer viruses; malware; natural disasters; terrorism; war; telecommunication and electrical failures; cyber-attacks or cyber-intrusions over the Internet; attachments to emails; persons inside our organization; or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. For example, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach was to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur material legal claims and liability, and damage to our reputation, and the further development of our product candidates could be delayed. We could be forced to expend significant resources in response to a cyber security breach, including repairing system damage, increasing cyber security protection costs by deploying additional personnel and protection technologies, paying regulatory fines and resolving legal claims and regulatory actions, all of which would increase our expenses, divert the attention of our management and key personnel away from our business operations and adversely affect our results of operations.

***Failure to comply with health and data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity and could negatively affect our operating results and business.***

We and our current and any of our future collaborators may be subject to federal, state and foreign data protection laws and regulations (i.e., laws and regulations that address privacy and data security). In the U.S., numerous federal and state laws and regulations, including federal health information privacy laws (e.g., the Health Insurance Portability and Accountability Act (“HIPAA”), as amended by the Health Information Technology for Economic and Clinical Health Act (“HITECH”)), state data breach notification laws, state health information privacy laws and federal and state consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our collaborators. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA, as amended by HITECH, or other privacy and data security laws. Depending on the facts and circumstances, we could be subject to criminal penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

International data protection laws, including Regulation 2016/679, known as the General Data Protection Regulation (“GDPR”) may also apply to health-related and other personal information obtained outside of the U.S. The GDPR went into effect on May 25, 2018. The GDPR introduced new data protection requirements in the EU, as well as potential fines for non-compliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use, storage and disclosure of personal information, including more stringent requirements relating to consent and the information that must be shared with data subjects about how their personal information is used, the obligation to notify regulators and affected individuals of personal data breaches, extensive new internal privacy governance obligations and obligations to honor expanded rights of individuals in relation to their personal information (e.g., the right to access, correct and delete their data). In addition, the GDPR includes restrictions on cross-border data transfers. The GDPR increased our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, including as implemented by individual countries. Further Brexit has created uncertainty with regard to data protection regulation in the United Kingdom. In particular, it is unclear how data transfers to and from the United Kingdom will be regulated.

In addition, California recently enacted the California Consumer Privacy Act (“CCPA”), which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA will require covered companies to provide new disclosure to consumers about such companies’ data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA went into effect on January 1, 2020, and the California Attorney General may bring enforcement actions for violations beginning July 1, 2020. The CCPA was amended on September 23, 2018, and it remains unclear what, if any, further modifications will be made to this legislation or how it will be interpreted. As currently written, the CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information.

Compliance with U.S. and international data protection laws and regulations could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity and could negatively affect our operating results and business.

***If we, our contract research organizations (“CROs”) or our IT vendors experience security or data privacy breaches or other unauthorized or improper access to, use of, or destruction of personal data, we may face costs, significant liabilities, harm to our brand and business disruption.***

In connection with our drug research and development efforts, we or our CROs may collect and use a variety of personal data, such as names, mailing addresses, email addresses, phone numbers and clinical trial information. Although we have extensive measures in place to prevent the sharing and loss of patient data in our clinical trial processes associated with our developed technologies and drug candidates, any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of our clinical data or patients’ personal data could result in significant liability under state (e.g., state breach notification laws), federal (e.g., HIPAA, as amended by HITECH), and international laws (e.g., the GDPR). Any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of our clinical data or patients’ personal data may cause a material adverse impact to our reputation, affect our ability to conduct new studies and potentially disrupt our business. We may also rely on third-party IT vendors to host or otherwise process some of our data and that of users, and any failure by such IT vendor to prevent or mitigate security breaches or improper access to or disclosure of such information could have similarly adverse consequences for us. If we are unable to prevent or mitigate the impact of such security or data privacy breaches, we could be exposed to litigation and governmental investigations, which could lead to a potential disruption to our business.

***If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.***

Our research and development and drug candidates and future commercial manufacturing may involve the use of hazardous materials and various chemicals. We currently do not maintain a research laboratory, but we engage third-party research organizations and manufacturers to conduct our preclinical studies, clinical trials and manufacturing. These third-party laboratories and manufacturers are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. We must rely on the third parties’ procedures for storing, handling and disposing of these materials in their facilities to comply with the relevant guidelines of the states in which they operate and the Occupational Safety and Health Administration of the U.S. Department of Labor. Although we believe that their safety procedures for handling and disposing of these materials comply with the standards mandated by applicable regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, this could result in significant delays in our development. We are also subject to numerous environmental, health and workplace safety laws and regulations. Although we maintain workers’ compensation insurance to cover us for costs and expenses, we may incur due to injuries to our employees, this insurance may not provide adequate coverage against potential liabilities. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

***We have limited the liability of and indemnified our directors and officers.***

Although our directors and officers are accountable to us and must exercise good faith, good business judgement, and integrity in handling our affairs, our Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) and indemnification agreements executed by all of our non-employee directors and officers provides that our non-employee directors and officers will be indemnified to the fullest extent permitted under Delaware law. As a result, our stockholders may have fewer rights against our non-employee directors and officers than they would have absent such provisions in our Certificate of Incorporation and indemnification agreements, and a stockholder’s ability to seek and recover damages for a breach of fiduciary duties may be reduced or restricted. Delaware law allows indemnification of our non-employee directors and officer, if they (a) have acted in good faith, in a manner the non-employee director or officer reasonably believes to be in or not opposed to our best interests, and (b) with respect to any criminal action or proceeding, if the non-employee director or officer had no reasonable cause to believe the conduct was unlawful.

Pursuant to the Certificate of Incorporation and indemnification agreement, each non-employee director and officer who is made a party to a legal proceeding because he or she is or was a non-employee director or officer, is indemnified by us from and against any and all liability, except that we may not indemnify a non-employee director or officer: (a) for any liability incurred in a proceeding in which such person is adjudged liable to Monopar or is subjected to injunctive relief in favor of Monopar; (b) for acts or omissions that involve intentional misconduct or a knowing violation of law, fraud or gross negligence; (c) for unlawful distributions; (d) for any transaction for which such non-employee director or officer received a personal benefit or as otherwise prohibited by or as may be disallowed under Delaware law; or (e) with respect to any dispute or proceeding between us and such non-employee director or officer unless such indemnification has been approved by a disinterested majority of the Board or by a majority in interest of disinterested stockholders. We are required to pay or reimburse attorney's fees and expenses of a non-employee director or officer seeking indemnification as they are incurred, provided the non-employee director or officer executes an agreement to repay the amount to be paid or reimbursed if there is a final determination by a court of competent jurisdiction that such person is not entitled to indemnification.

***Future legislation or executive or private sector actions may increase the difficulty and cost for us to commercialize our products and adversely affect the prices obtained for such products.***

In the U.S., there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the Affordable Care Act (the "ACA"), was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry.

Since its enactment, there have been numerous judicial, administrative, executive, and legislative challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. Various portions of the ACA are currently undergoing legal and constitutional challenges in the US Supreme Court; the Trump Administration signed various executive orders and other directives that eliminated cost sharing subsidies and various provisions that would impose a fiscal burden on states or a cost, fee, tax, penalty or regulatory burden on individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices; and Congress has introduced several pieces of legislation aimed at significantly revising or repealing the ACA. The US Supreme Court is expected to rule on a legal challenge to the constitutionality of the ACA in 2021. The American Rescue Plan Act of 2021 which was recently enacted into law includes provisions which further the ACA, including expansion of marketplace subsidies and credits to reduce or eliminate premiums in the federal exchange for persons with certain income levels and providing subsidies for state exchanges. The implementation of the ACA is ongoing, the law appears likely to continue the downward pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase regulatory burdens and operating costs. Litigation and legislation related to the ACA are likely to continue, with unpredictable and uncertain results. It is unclear whether the ACA will be overturned, repealed, replaced, or further amended. We cannot predict what affect further changes to the ACA would have on our business.

In addition, government price reporting and payment regulations are complex, and we will be required to continually assess the methods by which we plan to calculate and report any future pricing in accordance with these obligations. Our methodologies for calculations are inherently subjective and may be subject to review and challenge by various government agencies, which may disagree with our interpretation. If the government disagrees with our reported calculations, we may need to restate the previously reported data and could be subject to additional financial and legal liability.

Further, the increasing cost of healthcare as a percentage of GDP and the massive and increasing deferred liabilities behind most governmental healthcare programs (such as Medicare and Medicaid and state and local healthcare programs especially for retirement benefits) continue to be an economic challenge which threatens the overall economic health of the U.S. High cost healthcare products and therapies that are early in their life cycle are attractive targets for parties that believe that the cost of healthcare must be better controlled and significantly reduced. Pharmaceutical prices and healthcare reform have been debated and acted upon by legislators for many years. Future legislation or executive or private sector actions related to healthcare reform could materially and adversely affect our business by reducing our ability to generate revenue at prices sufficient to reward for the risks and costs of pharmaceutical development, to raise capital, and to market our products.

There is no assurance that federal or state healthcare reform will not adversely affect our future business and financial results, and we cannot predict how future federal or state legislative, judicial or administrative changes relating to healthcare reform and third-party payers will affect the pharmaceutical industry in general and our business in particular.

***Even if we are able to commercialize any drug candidate, such drug candidate may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, which would harm our business.***

Our ability to commercialize any products successfully will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from third-party payors, such as government authorities, private healthcare insurers and health maintenance organizations. Patients who are prescribed medications for the treatment of their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Coverage and adequate reimbursement from government healthcare programs, such as Medicare and Medicaid, and private healthcare insurers are critical to new product acceptance. Patients are unlikely to use our future products, if any, unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost.

Cost-containment is a priority in the U.S. healthcare industry and elsewhere. As a result, government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Third-party payors also may request additional clinical evidence beyond the data required to obtain marketing approval, requiring a company to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of its products. Commercial third-party payors often rely upon Medicare coverage policy and payment limitations in setting their reimbursement rates, but also have their own methods and approval process apart from Medicare determinations. Therefore, coverage and reimbursement for pharmaceutical products in the U.S. can differ significantly from payor to payor. We cannot be sure that coverage and adequate reimbursement will be available for any product that we commercialize and, if reimbursement is available, that the level of reimbursement will be adequate. Coverage and reimbursement may impact the demand for, or the price of, any drug candidate for which we obtain marketing approval. If coverage and reimbursement are not available or are available only at limited levels, we may not be able to successfully commercialize any drug candidate for which we obtain marketing approval.

Additionally, the regulations that govern regulatory approvals, pricing and reimbursement for new drugs and therapeutic biologics vary widely from country to country. Some countries require approval of the sale price of a drug or therapeutic biologic before it can be marketed. In many countries, the pricing review period begins after marketing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if our drug candidates obtain regulatory approval.

***Politically divided governmental actions and related political actions outside of government can impact the FDA's role in the timely and effective review of new pharmaceutical products in the U.S. and our business may be adversely impacted.***

A relevant example of dysfunctional government was the 35-day government shutdown that ended February 15, 2019, which limited the FDA to activities necessary to address imminent threats to human life and to activities funded by carry-over user fees. Future government shutdowns or other activities which limit the financial resources available to the FDA (and in particular to the Center for Drug Evaluation and Research) will delay the processing of new product drug development submissions, reviews, and approvals and other required regulatory actions. Such delays will adversely impact our business and financial condition.

***Effective collaboration with the FDA's Center for Drug Evaluation and Research ("CDER") for the approval of drug candidates is a highly demanding process which can result in increased time and expense to gain approvals.***

Our lead drug development program, Validive, will be reviewed by CDER. Efficient and professional collaboration with the FDA's CDER is essential for the timely clinical testing, test evaluations, analysis and approval of our drug candidates. CDER has an outstanding record of drug approvals and substantial funds to operate a highly professional organization but is also very demanding as to the quality of clinical research and applications for marketing approvals for drug candidates.

Our Company has in-house expertise and experience in the management of drug approvals. Qualified consultants and drug research organizations are also available to aid in our drug approval process; however, there is a meaningful risk that discussions and interactions inherent in the drug approval process and future developments or new improvements will result in delays, added expenses and new scientific/medical requirements which will cause adverse financial results and will likely impact the price of the Company's stock.

***Future tax reform measures may negatively impact our financial position.***

Tax reform measures are unpredictable and can change as the U.S. Congress and executive leadership changes. For example, on December 22, 2017, the Tax Cuts and Jobs Act of 2017 was signed into law that significantly revised the Internal Revenue Code of 1986, as amended (the "Code"). It is difficult to predict what future tax reform measures, if any, could be implemented and the extent to which they will impact our financial condition and our business.

***Foreign currency exchange rates may adversely affect our consolidated financial statements.***

Sales and purchases in currencies other than the U.S. Dollar expose us to fluctuations in foreign currencies relative to the U.S. Dollar and may adversely affect our consolidated financial statements. Increased strength of the U.S. Dollar increases the effective price of our future drug products sold in U.S. Dollars into other countries, which may require us to lower our prices or adversely affect sales to the extent we do not increase local currency prices. Decreased strength of the U.S. Dollar could adversely affect the cost of materials, products and services we purchase overseas. Sales and expenses of our non-U.S. businesses are also translated into U.S. Dollars for reporting purposes and the strengthening or weakening of the U.S. Dollar could result in unfavorable foreign currency translation and transaction effects. In addition, certain of our businesses may in the future invoice customers in a currency other than the business' functional currency, and movements in the invoiced currency relative to the functional currency could also result in unfavorable foreign currency translation and transaction effects. We also face exchange rate risk from our investments in subsidiaries owned and operated in foreign countries.

***Our anticipated operating expenses and capital expenditures over the next year are based upon our management's estimates of possible future events. Actual amounts and the cost of new conditions could differ materially from those estimated by our management.***

Development of pharmaceuticals and cancer drugs is extremely risky and unpredictable. We have estimated operating expenses and capital expenditures over the next year based on certain assumptions. Any change in the assumptions could cause the actual results to vary substantially from the anticipated expenses and expenditures and could result in material differences in actual versus forecasted expenses or expenditures. Furthermore, all of the factors are subject to the effect of unforeseeable future events. The estimates of capital expenditures and operating expenses represent forward-looking statements within the meaning of the federal securities laws. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors, including the risk factors set forth under this "Risk Factors" section in this Annual Report on Form 10-K.

***The financial and operational projections that we may make from time to time are subject to inherent risks.***

The projections that we provide herein or our management may provide from time to time (including, but not limited to, our success in raising strategic and substantial financial resources, the cost and timing of our clinical trials, clinical and regulatory timelines, production and supply matters, commercial launch dates, and other financial or operational matters) reflect numerous assumptions made by our management, including assumptions with respect to our specific as well as general business, regulatory, economic, market and financial conditions and other matters, all of which are difficult to predict and many of which are beyond our control. Accordingly, there is a risk that the assumptions made in preparing the projections, or the projections themselves, will prove inaccurate. There may be differences between actual and projected results, and actual results may be materially different from those contained in the projections. The inclusion of the projections in this Annual Report on Form 10-K should not be regarded as an indication that our management considered or consider the projections to be a guaranteed prediction of future events, and the projections should not be relied upon as such. See "Cautionary Statement Concerning Forward-Looking Statements."

***Our present and potential future international operations may expose us to business, political, operational, and financial risks associated with doing business outside of the U.S.***

Our business is subject to risks associated with conducting business internationally. Some of our suppliers and clinical research organizations and clinical trial sites are located outside of the U.S. Furthermore, if we or any future collaborator succeeds in developing any products, we anticipate marketing them in the EU, the United Kingdom and other jurisdictions in addition to the U.S. If approved, we or our collaborator may hire sales representatives and conduct physician and patient association outreach activities outside of the U.S. Doing business internationally involves a number of risks, including but not limited to:

- multiple, conflicting and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements, and other governmental approvals, permits and licenses which can vary jurisdictions to jurisdiction with different degrees of review and enforcement;
- failure by us to obtain and maintain regulatory approvals for the use of our products in various countries;
- rejection or qualification of foreign clinical trial data by the competent authorities of other countries;
- additional potentially relevant third-party patent and other intellectual property rights that may be necessary to develop and commercialize our products and drug candidates;
- complexities and difficulties in obtaining, maintaining, enforcing and defending our patent and other intellectual property rights;
- difficulties in staffing and managing foreign operations by a small-scale organization;
- complexities associated with managing multiple payor reimbursement regimes, government payors or patient self-pay systems;
- limits, as a U.S.-based company, in our ability to penetrate international markets;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for our products and exposure to foreign currency exchange rate fluctuations;
- natural disasters, political and economic instability, including wars, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions, implementation of tariffs;
- certain expenses including, among others, expenses for travel, translation and insurance; and
- regulatory and compliance risks that relate to anti-corruption compliance and record-keeping that may fall within the purview of the U.S. Foreign Corrupt Practices Act, its accounting provisions or its anti-bribery provisions or provisions of anti-corruption or anti-bribery laws in other countries.

Any of these factors could harm our ongoing international clinical operations and supply chain, as well as any future international expansion and operations and, consequently, our business, financial condition, prospects and results of operations.

***We are subject to U.S. and foreign anti-corruption and anti-money laundering laws with respect to our operations and non-compliance with such laws can subject us to criminal or civil liability and harm our business.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended (“the FCPA”), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and possibly other state and national anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, third-party intermediaries, joint venture partners and collaborators from authorizing, promising, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. We interact with officials and employees of government agencies and government-affiliated hospitals, universities and other organizations. In addition, we may engage third-party intermediaries to promote our clinical research activities abroad or to obtain necessary permits, licenses and other regulatory approvals. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize or have actual knowledge of such activities.

We have a Code of Business Conduct and Ethics which mandates compliance with the FCPA and other anti-corruption laws applicable to our business throughout the world. However, we cannot assure you that our employees and third-party intermediaries will comply with this code or such anti-corruption laws. Noncompliance with anti-corruption and anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas, investigations or other enforcement actions are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees. In certain cases, enforcement authorities may even cause us to appoint an independent compliance monitor which can result in added costs and administrative burdens.

#### **Risks Associated with our Common Stock**

***Existing and new investors will experience dilution as a result of future sales or issuances of our common stock and future option exercises under our 2016 Stock Incentive Plan and any amendments to the plan.***

Our non-employee directors, employees, and certain of our consultants have been and will be issued equity and/or granted options that vest with the passage of time. Up to a total of 3,100,000 shares of our common stock may be issued as stock options or restricted stock units under the Amended and Restated Monopar Therapeutics Inc. 2016 Stock Incentive Plan, and stock options for the purchase of up to 2,073,187 shares of our common stock have already been granted (1,228,157 stock options are exercisable) and are outstanding along with 502,912 restricted stock units that have been granted to non-employee directors and employees as of March 11, 2022. The issuance of such equity upon vesting of restricted stock units and/or the exercise of such options will dilute both our existing and our new investors and we expect to seek stockholder approval to increase the available shares under the Plan in the near-term. As of March 11, 2022, 21,346 stock options have been exercised.

Our existing and our new investors will also experience substantial dilution resulting from the issuance by us of equity securities in connection with certain transactions, including without limitation, future offering of shares in future fundraising efforts, intellectual property licensing, acquisition, or commercialization arrangements.

***Holders of the shares of our common stock will have no control of our operations or of decisions on major transactions.***

Our business and affairs are managed by or under the direction of our Board. Our stockholders are entitled to vote only on actions that require a stockholder vote under federal or state law. Stockholder approval requires the consent and approval of holders of a majority or more of our outstanding stock. Shares of stock do not have cumulative voting rights and therefore, holders of a majority of the shares of our outstanding stock will be able to elect all Board members. TacticGem, LLC ("TacticGem") owns 7,166,667 shares of common stock (57%). The limited liability company agreement requires TacticGem to pass through votes (including the vote for the election of directors) to its members in proportion to their membership percentages in TacticGem (57.367% owned by Tactic Pharma and 42.633% owned by Gem). As a result, Tactic Pharma, our initial investor, holds an approximately 34% beneficial interest in us and together with Gem's beneficial ownership of approximately 24%, the two entities control a majority of our stock and will be able to elect all Board members and control our affairs. Some of our Board members and executive officers own and control Tactic Pharma. Although no single person has a controlling interest in Tactic Pharma, acting together, they are able to control Tactic Pharma and a large voting block of our common stock and together with Gem can elect a majority of our Board.

***Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a de-listing of our common stock.***

If we fail to satisfy the continued listing requirements of The Nasdaq Capital Market, such as the corporate governance requirements or the minimum closing bid price requirement, the Nasdaq Stock Market (“Nasdaq”) may take steps to de-list our common stock. Such a de-listing or the announcement of such de-listing will have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. In the event of a de-listing, we would take actions to restore our compliance with the Nasdaq listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with the Nasdaq listing requirements.

***The stock price of our common stock may be volatile or may decline regardless of our operating performance.***

The market prices for securities of biotechnology and pharmaceutical companies have historically been highly volatile, and the market has from time-to-time experienced significant price and volume fluctuations that appear to be unrelated to the operating performance of particular companies. Our common stock has only been trading on the Nasdaq Capital Market since December 19, 2019, and has experienced significant volatility in market prices through March 11, 2022, ranging from a low of \$2.36 to a high of \$48.00. Our small public float and relatively low and inconsistent trading volumes exacerbate volatility.

The market price of our common stock is likely to remain highly volatile and may fluctuate substantially due to many factors, including:

- announcements concerning the progress and success of our clinical trials, our ability to obtain regulatory approval for and commercialize our product candidates, including any requests we receive from the FDA for additional studies or data that result in delays in obtaining regulatory approval or launching our product candidates, if approved;
- unstable market conditions in the pharmaceutical and biotechnology sectors or the economy as a whole;
- price and volume fluctuations in the overall stock market;
- the failure of our product candidates, if approved, to achieve anticipated commercial success;
- announcements of the clinical success, NDA approval or introduction of new products by us or our direct competitors;
- announcements of developments concerning product development results or intellectual property rights of others;
- litigation or public concern about the safety and/or efficacy of our potential or approved products;
- actual fluctuations in our quarterly or annual operating results, and concerns by investors that such fluctuations may occur in the future and are indicative of internal problems;
- deviations in our operating results from the estimates of securities analysts or other analyst comments;
- additions or departures of key personnel;
- healthcare reform legislation, including measures directed at controlling the pricing of pharmaceutical products, and third-party coverage and reimbursement policies;



- announcements or publicity concerning current or future strategic collaborations;
- discussion of our Company, our stock price or our potential future market value by the financial and scientific press and online investor communities; and
- market responses to the fluctuating conditions of the COVID-19 pandemic or to the Russia-Ukraine conflict.

***We may become involved in securities class action litigation that could divert management's attention and harm our business.***

The stock markets have from time-to-time experienced significant price and volume fluctuations that have affected the market prices for the common stock of biotechnology and pharmaceutical companies. Our stock price has experienced such fluctuations since our initial public offering. These broad market fluctuations may cause the market price of our stock to advance or decline. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies have experienced significant stock price volatility in recent years. We may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could adversely affect our business.

***Substantial amounts of our outstanding shares may be sold into the market. If there are substantial sales of shares of our common stock, the price of our common stock could decline.***

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our non-employee directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale and the market perceives that sales will occur. We have 12,604,514 outstanding shares of our common stock as of March 11, 2022. A majority of our outstanding shares of common stock are currently held by non-employee directors, executive officers and other affiliates and are subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended (Securities Act).

Our largest stockholders have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders. We have also registered shares of common stock that we have issued and may issue under our employee equity incentive plans. These shares are able to be sold freely in the public market upon issuance, subject to existing internal practices which prohibit sales under certain circumstances. The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

***Our ability to use our net operating loss carry-forwards and certain other tax attributes may be limited.***

Under Section 382 of the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period), the corporation's ability to use its pre-change net operating loss carry-forwards and other pre-change tax attributes (such as research tax credits) to offset its post-change income may be limited. We believe that additional fundraising efforts in the next three years, may trigger an "ownership change" limitation in the near future. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carry-forwards to offset U.S. federal taxable income will be subject to limitations, which could result in increased future tax liability to us had we not been subject to such limitations.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

***We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains as a return on their investments.

***There can be no assurance that we will ever provide liquidity to our investors through a sale of our Company.***

While acquisitions of pharmaceutical companies like ours are not uncommon, potential investors are cautioned that no assurances can be given that any form of merger, combination, or sale of our Company will take place or that any merger, combination, or sale, even if consummated, would provide liquidity or a profit for our investors. You should not invest in our Company with the expectation that we will be able to sell the business in order to provide liquidity or a profit for our investors.

***Delaware law and provisions in our amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the potential trading price of our common stock.***

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us difficult, limit attempts by our stockholders to replace or remove our current management or Board and adversely affect our stock price.

Provisions of our amended and restated bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our stock. Among other things, our amended and restated bylaws:

- provide that all vacancies on our Board may only be filled by our Board and not by stockholders;
- allow the holders of a plurality of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose; and
- provide that special meetings of our stockholders may be called only by our Board.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

## **Item 2. Properties**

We are currently leasing office space for our executive headquarters at 1000 Skokie Blvd in the Village of Wilmette, Illinois for our corporate offices. We believe that we will lease additional office space within the next 12 months as we continue to hire additional personnel.

## **Item 3. Legal Proceedings**

We are currently not, and to date have never been, a party to any material legal proceedings.

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

***Market Information***

Our common stock is listed under the symbol “MNPR” on the Nasdaq Capital Market.

***Holder***

As of March 11, 2022, there were 12,604,514 shares of our common stock outstanding held by 32 holders of record and approximately 800 beneficial stockholders.

***Dividends***

We have never paid cash dividends on any of our capital stock and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. We do not intend to pay cash dividends to holders of our common stock in the foreseeable future.

***Registration Rights***

We are subject to an agreement with TacticGem, LLC (“TacticGem”), our largest stockholder, which obligates us to file a Form S-3 or other appropriate form of registration statement covering the resale of any of our common stock by TacticGem, or its members Gem Pharmaceuticals, LLC, or Tactic Pharma, LLC, upon direction by TacticGem. We are required to use our best efforts to have such registration statement declared effective as soon as practical after it is filed. In the event that such registration statement for resale is not approved by the SEC, and TacticGem submits a written request, we are required to prepare and file a registration statement on Form S-1 registering such common stock for resale and to use our best efforts to have such registration statement declared effective as soon as practical thereafter. Additionally, if we propose to register our common stock for sale for cash, TacticGem and its members have the right to include some of their shares in such registration. After registration, pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act other than pursuant to restrictions on affiliates under Rule 144.

***Recent Sales of Unregistered Securities.***

There were no securities issuances that were not registered under the Securities Act during the reporting period.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing at the end of this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business and related financing activities, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this Annual Report on Form 10-K, Item 1A, for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

### Overview

We are a clinical stage biopharmaceutical company focused on developing proprietary therapeutics designed to extend life or improve quality of life for cancer patients. We are building a drug development pipeline through the licensing and acquisition of therapeutics in late preclinical and clinical development stages. We leverage our scientific and clinical experience to help reduce the risk of and accelerate the clinical development of our drug product candidates.

### Financial Status

The balance of cash and cash equivalents as of December 31, 2021, was \$20,303,869. As discussed further below and elsewhere in this report, although we expect that our current funds could be sufficient for us to obtain topline results from our ongoing open-label Phase 1b camsirubicin clinical trial (but this may not be the case if camsirubicin reaches even higher dose levels than we are anticipating) and complete the Phase 2b and commence the Phase 3 portion of our ongoing Validive Phase 2b/3 (VOICE) clinical program, we will require additional funding to advance our clinical programs and we anticipate that we will seek to raise additional capital within the next 12 months to fund our future operations.

Our primary funding source in 2020 and 2021 was sales of shares of our common stock under an at-the-market sales program. During 2020 and the first quarter of 2021, we sold 1,964,724 shares of our common stock at an average gross price of \$10.02 per share for net proceeds of \$19,100,603, after fees and commissions of \$591,188. The maximum aggregate offering price under the agreement was reached during the first quarter of 2021 and we do not expect further sales under this agreement, although as part of our financing efforts, we may consider entering into similar arrangements in the future.

### Validive Clinical Update

In February 2021, we dosed the first patient in our Phase 2b/3 VOICE trial of Validive<sup>®</sup> for the prevention of chemoradiation treatment ("CRT")-induced severe oral mucositis in patients with oropharyngeal cancer ("VOICE"). In August 2021, we successfully reached our original target of 20 activated clinical trial sites for the Phase 2b portion of the 2b/3 Validive<sup>®</sup> VOICE trial and in September 2021, we received authorization to proceed with the VOICE clinical trial in multiple countries in Europe. In February 2022, we announced that 44 clinical sites have been opened to date and are active and enrolling patients in both the U.S. and Europe, and that interim analysis is currently anticipated to be reached in mid-2022. Based on findings extracted from public reporting of recently completed SOM trials, the Company is presently evaluating potential enhancements to and exact timing of the interim analysis. We plan to continue to activate additional sites globally. To complete the VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial, we will require additional funding in the millions or tens of millions of dollars (depending on if we have consummated a collaboration or partnership or neither for Validive), which we are planning to pursue within the next 12 months.

### Camsirubicin Clinical Update

In August 2021, we announced clearance from the U.S. Food and Drug Administration ("FDA") to proceed with an open-label Phase 1b dose-escalation clinical trial evaluating camsirubicin plus growth factor support (pegfilgrastim/G-CSF) in patients with advanced soft tissue sarcoma ("ASTS"). In September 2021, we initiated the Phase 1b clinical trial, and in October 2021 we dosed the first patients. In February 2022, we announced that the first dose level of camsirubicin had been completed in November 2021, with a positive recommendation from the trial safety review committee to proceed to next higher dose level and that three patients had already been dosed at the second dose level, which is a higher dose level of camsirubicin than had been tested in any prior camsirubicin clinical trial. That dose level was recently successfully cleared and we are currently enrolling patients in the third dose-level. The open-label Phase 1b camsirubicin dose-escalation trial is continuing to enroll additional cohorts until the maximum tolerable dose is reached. Following completion of the Phase 1b clinical trial, we continue to expect that Grupo Español de Investigación en Sarcomas ("GEIS") will sponsor and lead a multi-country, randomized, open-label Phase 2 clinical trial to evaluate camsirubicin head-to-head against doxorubicin, the current first-line treatment for ASTS. We believe we have funds which could be sufficient to obtain topline results from our Phase 1b clinical trial, but this may not be the case if camsirubicin reaches even higher dose levels than we are anticipating. Additional funding is expected to be required to support further development through and beyond our ongoing Phase 1b clinical trial.

### **MNPR-101 RIT Development Update**

Pursuant to our 50/50 collaboration development agreement with NorthStar Medical Radioisotopes, LLC (“NorthStar”) to develop potential radioimmunotherapeutics (“RITs”) to treat severe COVID-19 (patients with SARS-CoV-2 infection) and advanced cancer, we have coupled MNPR-101 to therapeutic radioisotopes supplied by NorthStar. The resulting conjugates are designed to be highly selective agents that have the potential to kill aberrantly activated cytokine-producing immune cells. By eradicating these cells with a uPAR-targeted RIT (“uPRIT”), the therapeutic goal is to spare healthy cells while quickly reducing the cytokine storm and its harmful systemic effects. In addition, Monopar and NorthStar have advanced their collaboration to investigate MNPR-101 coupled to diagnostic radioisotopes as a companion diagnostic for uPRIT for use in advanced cancers and severe COVID-19.

In February 2022, we announced that our NorthStar collaboration generated a radioimmunotherapeutic candidate, MNPR-101-PCTA, that is being evaluated as a potential diagnostic and therapeutic agent (same backbone but utilizing a different radioisotope as the diagnostic) in advanced cancer and severe COVID-19. We are currently evaluating pathways to initiating a first-in-human study.

### **MNPR-202 and Related Analogs Updates**

In June 2021, we entered into a collaboration agreement with the Cancer Science Institute of Singapore (“CSI Singapore”), one of Asia’s premier cancer research centers, at the National University of Singapore (“NUS”) (consistently ranked as one of the world’s top universities) to evaluate the activity of MNPR-202 and related analogs in multiple types of cancer. MNPR-202 was designed to retain the same potentially non-cardiotoxic backbone as camsirubicin but is modified at other positions which may enable it to work in certain cancers that are resistant to camsirubicin and doxorubicin. In December 2020, we announced the issuance of our composition of matter U.S. patent (US10,450,340) covering MNPR-202 and related analogs. CSI Singapore is currently testing MNPR-202 in preclinical cancer models.

### **Our Strategy**

Our management team has extensive experience in developing therapeutics and medical technologies through global regulatory approval and commercialization. In aggregate, companies they co-founded have achieved four drug approvals and three diagnostic medical imaging device approvals in the U.S. and the EU, successfully sold an asset developed by management which is currently in Phase 3 clinical trials, sold two oncology-focused diagnostic imaging businesses to Fortune Global 1000 firms, and completed the clinical and commercial development and ultimately the sale of a commercial biopharmaceutical company for over \$800 million in cash. In addition, the team has supported multiple regulatory submissions with the FDA and EMA and launched multiple drugs in the U.S. and the EU. Understanding the preclinical, clinical, regulatory and commercial development processes and hurdles are key factors in successful drug development and the expertise demonstrated by our management team across all of these areas increases the probability of success in advancing the product candidates in our product pipeline. Our strategic goal is to acquire, develop and commercialize promising oncology product candidates that address important unmet medical needs of cancer patients. Seven key elements of our strategy to achieve this goal are to:

- **Leverage data generated from the Phase 2 Validive clinical trial to complete the execution of a successful VOICE clinical program for Validive for SOM in OPC.** In the prior Phase 2 clinical trial the absolute incidence of SOM in OPC patients was reduced by 26.3%, the time to SOM onset was delayed, and the duration of disease in patients that developed SOM was decreased by 15.5 days in the Validive 100 µg cohort versus placebo. In addition to the data from the Phase 2 clinical trial, we believe the guidance from our key opinion leaders (“KOLs”) as well as from the FDA and EMA, and our own internal clinical trial design expertise, position us well for an effective VOICE clinical trial program.
- **Obtain FDA and EMA approval of Validive to maximize the commercial potential of Validive in both the U.S. and the EU, and seek partnerships outside these markets.** If the VOICE clinical program of Validive is successful and FDA and EMA approvals are obtained, we currently intend to commercialize Validive in the U.S. and the EU ourselves, which may include establishing our own specialty sales force and seeking partnerships outside of these territories for regulatory approval and drug sales and distribution.
- **Advance the clinical development of camsirubicin, by pursuing indications where doxorubicin has demonstrated efficacy.** ASTS will be the first indication, which is anticipated to allow camsirubicin to go head-to-head against doxorubicin, the current first-line treatment. In this indication, camsirubicin previously demonstrated clinical benefit (stable disease or partial response) in 52.6% of patients evaluable for tumor progression in a single-arm Phase 2 study. Clinical benefit was proportional to dose and was consistently observed at higher cumulative doses of camsirubicin (>1000 mg/m<sup>2</sup>). Camsirubicin was very well tolerated in this Phase 2 study and underscored the ability to potentially administer camsirubicin without restriction as to cumulative dose (doxorubicin is limited due to heart toxicity to 450 mg/m<sup>2</sup> cumulative dose). Our current ongoing Phase 1b clinical trial continues towards establishing a new, higher recommended dose for the next Phase 2 ASTS clinical trial.
- **Continue the development of MNPR-101, MNPR-101 RIT and related molecules as therapeutic, diagnostic and imaging agents.** We plan to continue the development of MNPR-101, MNPR-101 RIT and related molecules for diagnostic, imaging, and therapeutic use in cancer and severe COVID-19.
- **Continue the development of MNPR-202 and related analogs in multiple types of cancers.** The 2-pyrilino camsirubicin analog (MNPR-202) and related analogs represent proprietary compositions of matter designed to retain the non-cardiotoxic backbone of camsirubicin yet exhibit novel features in terms of antitumor activity and mechanism that distinguish these analogs from camsirubicin as well as from doxorubicin.
- **Expand our drug development pipeline through advancing current assets, in-licensing, and acquisition of oncology product candidates.** We plan to continue the expansion of our drug development pipeline through acquiring or in-licensing additional oncology product candidates, particularly those that leverage existing scientific and clinical data that helps reduce the risks of the next steps in clinical development.
- **Utilize the expertise and prior experience of our team in the areas of asset acquisition, drug development and commercialization to establish ourselves as a leading biopharmaceutical company.** Our senior executive team has relevant experience in biopharmaceutical in-licensing and acquisitions as well as developing product candidates through approval and commercialization. In aggregate, our team has co-founded BioMarin Pharmaceutical (Nasdaq: BMRN), Sensant Corp (acquired by Siemens), American BioOptics (assets acquired by Olympus), Raptor Pharmaceuticals (\$800 million sale to Horizon Pharma), and Tactic Pharma, LLC (“Tactic Pharma”) (sale of lead asset, choline tetrathiomolybdate, was ultimately acquired by Alexion in June 2018 for \$764 million; Alexion was subsequently acquired by AstraZeneca).

## Implications of Being an Emerging Growth Company

We qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”). An emerging growth company may take advantage of specified reduced reporting burdens that are otherwise applicable generally to public companies. These provisions include, but are not limited to:

- inclusion of only two years, as compared to three years, of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced “Management’s discussion and analysis of financial condition and results of operations” disclosures;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”);
- an exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board (“PCAOB”) requiring mandatory audit firm rotation;
- reduced disclosure about executive compensation arrangements; and
- an exemption from the requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions until we are no longer an emerging growth company. We will remain an emerging growth company until the earliest of (1) the last day of the year (a) following the fifth anniversary of the completion of our initial public offering which is December 2024, (b) in which we have total annual gross revenue of at least \$1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this Annual Report on Form 10-K, and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be reduced and/or less detailed than what you might find from other public reporting companies.

The JOBS Act also permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have irrevocably elected to opt out of this provision and, as a result, we will comply with new or revised accounting standards when they are required to be adopted by public companies that are not emerging growth companies. In addition, we are also a “smaller reporting company” as defined in Rule 12b-2 of the Exchange Act and have elected to take advantage of certain of the scaled back disclosure requirements available to smaller reporting companies such as avoiding the extensive narrative disclosure required of other reporting companies, particularly in the description of executive compensation.

## Revenues

We are an emerging growth company. We have no approved drugs and have not generated any revenues. To date, we have engaged in acquiring or in-licensing drug product candidates, entering into collaboration agreements for testing and clinical development of our drug product candidates and providing the infrastructure to support the clinical development of our drug product candidates. We do not anticipate commercial revenues from operations until we complete testing and development of one of our drug product candidates and obtain marketing approval or we sell, enter into a collaborative marketing arrangement, or out-license one of our drug product candidates to another party. See “Liquidity and Capital Resources”.

## Recently Issued and Adopted Accounting Pronouncements

During the year ended December 31, 2021, there were no relevant recently issued accounting pronouncements that would impact our financial position and our consolidated results of operations and comprehensive loss or cashflows.

## Critical Accounting Policies and Use of Estimates

While our significant accounting policies are described in more detail in Note 2 of our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, we believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our consolidated financial statements.

## Clinical Trials Accruals

We accrue and expense the costs for clinical trial activities performed by third parties based upon estimates of the percentage of work completed over the life of the individual study in accordance with agreements established with contract research organizations, service providers, and clinical trial sites. We estimate the amounts to accrue based upon discussions with internal clinical personnel and external service providers as to progress or stage of completion of trials or services and the agreed upon fee to be paid for such services. Costs of setting up clinical trial sites for participation in the trials are expensed immediately as R&D expenses. Clinical trial site costs related to patient screening and enrollment are accrued as patients are screened/entered into the trial.

**Stock-Based Compensation**

We account for stock-based compensation arrangements with employees, non-employee directors and consultants using a fair value method, which requires the recognition of compensation expense for costs related to all stock-based awards, including stock option grants and restricted stock units (“RSUs”). The fair value method requires us to estimate the fair value of stock-based payment awards on the date of grant using an option pricing model or the closing stock price on the date of grant in the case of RSUs.

Stock-based compensation costs for stock awards granted to our employees, non-employee directors and consultants are based on the fair value of the underlying instruments calculated using the Black-Scholes option-pricing model on the date of grant for stock options and using the closing stock price on the date of grant for RSUs and recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. Determining the appropriate fair value model and related assumptions requires judgment, including selecting methods for estimating the Company’s future stock price volatility, forfeiture rates and expected term. The expected volatility rates are estimated based on the actual volatility of comparable public companies over recent historical periods of the same length as the expected term. We generally selected these companies based on reasonably comparable characteristics, including market capitalization, risk profiles, stage of corporate development and with historical share price information sufficient to meet the expected term of the stock-based awards. The expected term for stock options granted during the years ended December 31, 2021, and 2020, was estimated using the simplified method. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We have not paid dividends and do not anticipate paying a cash dividend in future vesting periods and, accordingly, use an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards.

**Results of Operations****Comparison of the Years Ended December 31, 2021, and December 31, 2020**

The following table summarizes the results of our operations for the years ended December 31, 2021, and 2020:

(in thousands)	Years Ended December 31,		Variance
	2021	2020	
Research and development expenses	\$ 6,493	\$ 4,065	\$ 2,428
General and administrative expenses	2,634	2,444	190
Total operating expenses	9,127	6,509	2,618
Operating loss	(9,127)	(6,509)	(2,618)
Other income from PPP loan forgiveness	-	122	(122)
Interest income	24	82	(58)
Net loss	\$ (9,103)	\$ (6,305)	\$ (2,798)

**Research and Development Expenses**

Research and Development (“R&D”) expenses for the year ended December 31, 2021 were \$6,493,000, compared to \$4,065,000 for the year ended December 31, 2020. This represents an increase of \$2,428,000 primarily attributed to \$1,360,000 increase for Validive clinical trial planning and execution including manufacturing costs, \$1,180,000 increase for annual R&D personnel salary and benefits increases, annual (non-cash) equity grants and salaries and benefits for new R&D personnel and a higher allocation of the CEO’s salary and benefits to R&D expenses due to the start-up and continuation of clinical trial activities, \$94,000 increase for preclinical development including uPRIT program with NorthStar, \$178,000 decrease due to the delay of the GEIS camsirubicin collaboration in Spain and \$28,000 of net decreases in other R&D expenses.

**General and Administrative Expenses**

General and administrative (“G&A”) expenses for the year ended December 31, 2021, were \$2,634,000, compared to \$2,444,000 for the year ended December 31, 2020. This represents an increase of \$190,000 primarily attributed to \$406,000 increase in stock-based compensation for annual (non-cash) equity grants and increases in annual G&A personnel salary and benefits, \$89,000 increase related to Validive, camsirubicin and uPRIT patent related expenses, \$54,000 increase in G&A consulting fees for additional paralegal support for contract reviews, \$212,000 decrease due to the CEO’s salary and benefits allocated from G&A expenses to R&D expenses, \$119,000 decrease in stock-based compensation for non-employee directors (non-cash) and \$28,000 for net decreases of other G&A expenses.

**Other Income from PPP Loan Forgiveness**

Other income from PPP loan forgiveness of \$122,000 represents the PPP loan granted by the Small Business Administration (“SBA”) in May 2020, which repayment was forgiven by the SBA in December 2020.

**Interest Income**

Interest income for the year ended December 31, 2021, decreased by \$58,000 versus the year ended December 31, 2020, due to a significant decrease in bank interest rates partially offset by an increase in bank balances resulting from proceeds from sales of our common stock through an at-the-market sales program during 2020 and the first quarter of 2021.

**Liquidity and Capital Resources****Sources of Liquidity**

We have incurred losses and cumulative negative cash flows from operations since our incorporation in December 2015 resulting in an accumulated deficit of approximately \$41.3 million as of December 31, 2021. We anticipate that we will continue to incur losses for the foreseeable future. We expect that our R&D and G&A expenses will increase to enable the execution of our strategic plan. As a result, we anticipate that we will seek to raise additional capital within the next 12 months to fund our future operations. We will seek to obtain needed capital through a combination of equity offerings, debt financings, strategic collaborations and grant funding. To date, we have funded our operations through net proceeds from the initial public offering of our common stock and net proceeds from sales of our common stock through an at-the-market sales program, private placements of our preferred and common stock, and the net receipt of funds related to the acquisition of camsirubicin. We anticipate that the currently available funds as of March 11, 2022, will fund our planned operations at least through March 31, 2023.

We invest our cash equivalents in a money market account.

**Cash Flows**

The following table provides information regarding our cash flows for the years ended December 31, 2021, and 2020.

(in thousands)	Years Ended December 31,		Variance
	2021	2020	
Net cash used in operating activities	\$ (7,317)	\$ (4,662)	\$ (2,655)
Net cash provided by financing activities	10,879	8,182	2,697
Effect of exchange rates	5	3	2
Net increase in cash and cash equivalents	<u>\$ 3,567</u>	<u>\$ 3,523</u>	<u>\$ 44</u>



During the years ended December 31, 2021 and 2020, we had net cash inflows of \$3,567,000 and \$3,523,000, respectively, an increase of \$44,000. During 2021, we had both higher net cash used in operating activities in 2021 as compared to 2020, as well as more funds raised from sales of our common stock under an at-the-market sales program.

#### **Cash Flow Used in Operating Activities**

The increase in cash flow used in operating activities during the year ended December 31, 2021, compared to the year ended December 31, 2020 of approximately \$2,655,000 was primarily a result of increased R&D and G&A cash operating expenses.

#### **Cash Flow Used in Investing Activities**

There was no cash flow provided by or used in investing activities for the years ended December 31, 2021, and 2020.

#### **Cash Flow Provided by Financing Activities**

The increase in cash flow provided by financing activities during the year ended December 31, 2021, compared to the year ended December 31, 2020, of approximately \$2,697,000 was primarily due to net proceeds from sales of our common stock through an at-the-market sales program.

#### **Future Funding Requirements**

To date, we have not generated any revenue from product sales. We do not know when, or if, we will generate any revenue from product sales. We do not expect to generate any revenue from product sales or royalties unless and until we obtain regulatory approval of and commercialize any of our current or future drug product candidates or we out-license or sell a drug product candidate to another party. At the same time, we expect our expenses to increase in connection with our ongoing development activities, particularly as we continue the research, development, future preclinical studies and clinical trials of, and seek regulatory approval for, our current and future drug product candidates. If we obtain regulatory approval of any of our current or future drug product candidates, we will need substantial additional funding for commercialization requirements and our continuing drug product development operations.

As a company, we have not completed development through marketing approvals of any therapeutic products. We expect to continue to incur significant increases in expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially as we:

- advance the clinical development and execute the regulatory strategy for Validive;
- advance the clinical development and execute the regulatory strategy for camsirubicin;
- continue the preclinical activities and potentially enter clinical development of MNPR-101 and MNPR-101-derived radioimmunotherapeutics and companion diagnostics, to treat cancer and severe COVID-19 (patients with SARS-CoV-2 infection);
- continue the preclinical activities, and potentially later-on enter clinical development, of MNPR-202 (and related analogs) for various cancer indications;
- acquire and/or license additional pipeline drug product candidates and pursue the future preclinical and/or clinical development of such drug product candidates;

- seek regulatory approvals for any of our current and future drug product candidates that successfully complete registration clinical trials;
- establish or purchase the services of a sales, marketing and distribution infrastructure to commercialize any products for which we obtain marketing approval;
- develop or contract for manufacturing/quality capabilities or establish a reliable, high quality supply chain sufficient to support our clinical requirements and to provide sufficient capacity to launch and supply the market for any product for which we obtain marketing approval; and
- add or contract for required operational, financial and management information systems and capabilities and other specialized expert personnel to support our drug product candidate development and planned commercialization efforts.

We anticipate that the funds available as of March 11, 2022, will fund our obligations at least through March 31, 2023. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development and commercialization of our drug product candidates, and the extent to which we enter into collaborations with third parties to participate in the development and commercialization of our drug product candidates, we are unable to accurately estimate with high reliability the amounts and timing required for increased capital outlays and operating expenditures associated with our current and anticipated drug product candidate development programs.

Our future capital requirements will depend on many factors, including:

- the progress of clinical development and regulatory interactions and approvals of Validive;
- the progress of clinical development and regulatory interactions and approvals of camsirubicin;
- the costs, timing and outcomes of seeking, obtaining, and maintaining FDA and international regulatory approvals;
- the progress of preclinical and clinical development of MNPR-101 and MNPR-101-derived radioimmunotherapeutics and companion diagnostics, to treat cancer and severe COVID-19 (patients with SARS-CoV-2 infection), including activities through our collaboration with NorthStar;
- the progress of preclinical and potentially clinical development of MNPR-202 (and related analogs);
- the number and characteristics of other drug product candidates that we may license, acquire, invent or otherwise pursue;
- the scope, progress, timing, cost and results of research, preclinical development and clinical trials of future drug product candidates;
- the costs associated with manufacturing/quality requirements and establishing or contracting for sales, marketing and distribution capabilities;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make in connection with the licensing, filing, defense and enforcement of any patents or other intellectual property rights;
- our need and ability to hire or contract for additional management, administrative, scientific, medical, sales and marketing, and manufacturing/quality and other specialized personnel or external expertise;

- the effect and timing of entry of competing products or new therapies that may limit market penetration or prevent the introduction of our drug product candidates or reduce the commercial potential of our product portfolio;
- our need to implement additional required internal systems and infrastructure; and
- the economic and other terms, timing and success of our existing collaboration and licensing arrangements and any collaboration, licensing or other arrangements into which we may enter in the future, including the timing of receipt of or payment to or from others of any milestone or royalty payments under these arrangements.

Expenditures are expected to increase in 2022 and onward for:

- clinical research services and clinical site fees for our VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial;
- process development, manufacturing costs, clinical trial expenses and clinical database management of camsirubicin in connection with the Phase 1b dose escalation clinical trial and other future clinical development;
- support of the development of MNPR-101-derived radioimmunotherapeutics and companion diagnostics to treat cancer and severe COVID-19 (patients with SARS-CoV-2 infection), including activities through our collaboration with NorthStar;
- preclinical studies (and if successful, clinical studies) of MNPR-101, MNPR-202 (and related analogs); and
- employee compensation and consulting fees to support our product candidate programs including Validive, camsirubicin, MNPR-101, MNPR-101 RIT (uPRIT and related compounds) and companion diagnostics and MNPR-202 (and related analogs).

We have activated clinical trial sites and are dosing patients in our VOICE clinical trial. In order to complete the VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial, we will require additional funding in the millions or tens of millions of dollars (depending on if we have consummated a collaboration or partnership or neither for Validive), or find a suitable pharmaceutical partner, both of which we are planning to pursue within the next 12 months. There can be no assurance that any such events will occur. We have also initiated and commenced dosing in our Phase 1b camsirubicin clinical trial. We intend to continue evaluating drug product candidates for the purpose of growing our pipeline. Identifying and securing high-quality compounds usually takes time and related expenses; however, our spending could be significantly accelerated in 2022 and onward if additional drug product candidates are acquired and enter clinical development. In this event, we may be required to expand our management team, and pay higher contract manufacturing costs, contract research organization fees, other clinical development costs and insurance costs that are not currently projected. Beyond our need to raise additional funding within the next 12 months to complete the VOICE clinical program, additional long-term funding is needed to commercialize Validive, if approved, and otherwise generally to support our current and future product candidates through clinical trials, approval processes and, if applicable, commercialization.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, we expect to finance our future cash needs primarily through a combination of equity offerings, debt financings, strategic collaborations and grant funding. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our current stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our current stockholders' rights. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with other parties, we likely will have to relinquish valuable rights to our technologies, future revenue streams, research programs or drug product candidates or grant licenses on terms that may not be favorable to us, which will reduce our future returns and affect our future operating flexibility. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our pipeline product development or commercialization efforts or grant rights to others to develop and market drug product candidates that we would otherwise prefer to develop and market ourselves.

## **Contractual Obligations and Commitments**

### **License, Development and Collaboration Agreements**

#### **Onxeo S.A.**

In June 2016, we executed an agreement with Onxeo S.A., a French public company, which gave us the exclusive option to license (on a world-wide exclusive basis) Validive (clonidine hydrochloride mucobuccal tablet; clonidine HCl MBT a mucoadhesive tablet of clonidine based on the Lauriad mucoadhesive technology). The agreement includes clinical, regulatory, developmental and sales milestones that could reach up to \$108 million if we achieve all milestones, and escalating royalties from 5% to 10% on net sales. In September 2017, we exercised the option to license Validive from Onxeo for \$1 million, but as of March 11, 2022, we have not been required to pay Onxeo any other funds under the agreement. We anticipate the need to raise significant funds to support the completion of clinical development and marketing approval of Validive.

Under the agreement, we are required to pay royalties to Onxeo on a product-by-product and country-by-country basis until the later of (1) the date when a given product is no longer within the scope of a patent claim in the country of sale or manufacture, (2) the expiry of any extended exclusivity period in the relevant country (such as orphan drug exclusivity, pediatric exclusivity, new chemical entity exclusivity, or other exclusivity granted beyond the expiry of the relevant patent), or (3) a specific time period after the first commercial sale of the product in such country. In most countries, including the U.S., the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country, not taking into consideration any potential patent term adjustment that may be filed in the future or any regulatory extensions that may be obtained. The royalty termination provision pursuant to (3) described above is shorter than 20 years and is the least likely cause of termination of royalty payments.

The Onxeo license agreement does not have a pre-determined term, but expires on a product-by-product and country-by-country basis; that is, the agreement expires with respect to a given product in a given country whenever our royalty payment obligations with respect to such product have expired. The agreement may also be terminated early for cause if either we or Onxeo materially breach the agreement, or if either we or Onxeo become insolvent. We may also choose to terminate the agreement, either in its entirety or as to a certain product and a certain country, by providing Onxeo with advance notice.

#### **Grupo Español de Investigación en Sarcomas (“GEIS”)**

In June 2019, we executed a clinical collaboration with GEIS for the development of camsirubicin in patients with advanced soft tissue sarcoma (“ASTS”). Following completion of the Phase 1b clinical trial in the U.S. that we initiated in the third quarter of 2021 with the first patient dosed in October 2021, we continue to expect that GEIS will sponsor and lead a multi-country, randomized, open-label Phase 2 clinical trial to evaluate camsirubicin head-to-head against doxorubicin, the current first-line treatment for ASTS. We will provide study drug and supplemental financial support for the clinical trial. During the year ended December 31, 2020, we incurred \$1.4 million in expenses related to the GEIS collaboration including clinical material manufacturing-related expense, clinical consulting, database management expenses and intellectual property expenses. We continued with the GEIS collaboration through the first quarter of 2021 and incurred \$0.3 million in expenses related to the collaboration. We can terminate the agreement by providing GEIS with advance notice, and without affecting our rights and ownership to any related intellectual property or clinical data. In the second quarter of 2021, due to regulatory delays in Spain, we decided to conduct an open-label Phase 1b clinical trial of camsirubicin in the U.S.

#### **XOMA Ltd.**

Pursuant to a non-exclusive license agreement with XOMA Ltd. for the humanization technology used in the development of MNPR-101, we are obligated to pay XOMA Ltd. clinical, regulatory and sales milestones which could reach up to \$14.925 million if we achieve all milestones for MNPR-101. The agreement does not require the payment of sales royalties. There can be no assurance that we will achieve any milestones. As of March 11, 2022, we had not reached any milestones and had not been required to pay XOMA Ltd. any funds under this license agreement.

### **Service Providers**

In the normal course of business, we contract with service providers to assist in the performance of R&D, including drug product manufacturing, process development, clinical development, and G&A including financial strategy, audit, tax and legal support. We can elect to discontinue the work under these agreements at any time. We could also enter into collaborative research and development, contract research, manufacturing and supplier agreements in the future, which may require upfront payments and/or long-term commitments of cash.

### **Office Lease**

We are currently leasing office space in the Village of Wilmette, Illinois for \$4,487 per month , and we anticipate that we will lease additional space in the future as we hire additional personnel.

### **Legal Contingencies**

We are currently not, and to date have never been, a party to any material legal proceedings.

### **Indemnification**

In the normal course of business, we enter into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. Our exposure under these agreements is unknown because it involves claims that may be made against us in the future, but that have not yet been made. To date, we have not paid any claims or been required to defend any action related to our indemnification obligations. However, we may record charges in the future as a result of these indemnification obligations.

In accordance with our Second Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and the indemnification agreements entered into with each officer and non-employee director, we have indemnification obligations to our officers and non-employee directors for certain events or occurrences, subject to certain limits, while they are serving at our request in such capacity. There have been no claims to date. See Item 1A - "Risk Factors - We have limited the liability of and indemnified our directors and officers."

### **Item 8. Financial Statements and Supplementary Data**

The information required to be filed in this item appears on pages F-1 to F-21 of this Annual Report on Form 10-K.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer have provided certifications filed as Exhibits 31.1 and 32.1, and 31.2, respectively. Such certifications should be read in conjunction with the information contained in this Item 9A for a more complete understanding of the matters covered by those certifications.

**(a) Management’s Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a15(f) of the Securities Exchange Act of 1934 (the “Exchange Act”). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. This process includes those policies and procedures (i) that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (ii) that receipts and expenditures are being made only in accordance with authorizations of our management and non-employee directors, (iii) that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements, and (iv) that provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. Management based this assessment on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Management’s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Based on management’s assessment, management has concluded that, as of December 31, 2021, our internal control over financial reporting was effective.

**(b) Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2021, pursuant to Rules 13a15(e) and 15d15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as of such date, were effective.

**(c) Changes in Internal Control over Financial Reporting**

We have concluded that the consolidated financial statements and other financial information included in this Annual Report on Form 10-K fairly present in all material respects our financial condition, results of operations and comprehensive loss and cash flows as of, and for, the periods presented.

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item regarding our directors, executive officers and corporate governance is incorporated into this section by reference to the sections captioned “Election of Directors” and “Executive Officers” in the proxy statement for our 2022 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after December 31, 2021.

**Item 11. Executive Compensation**

The information required by this Item regarding executive compensation is incorporated into this section by reference to the section captioned “Executive Compensation” in the proxy statement for our 2022 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after December 31, 2021.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item regarding security ownership of our beneficial owners, management and related stockholder matters is incorporated into this section by reference to the section captioned “Security Ownership of Certain Beneficial Owners and Management” in the proxy statement for our 2022 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after December 31, 2021.

The information required by this Item regarding the securities authorized for issuance under our equity compensation plans is incorporated into this section by reference to the section captioned “Equity Compensation Plan Information” in the proxy statement for our 2022 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after December 31, 2021.

**Item 13. Certain Relationships and Related Transactions and Director Independence**

The information required by this Item regarding certain relationships, related transactions and director independence is incorporated into this section by reference to the sections captioned “Transactions with Related Persons, Promoters and Certain Control Persons,” “Review, Approval and Ratification of Transactions with Related Parties” and “Director Independence” in the proxy statement for our 2022 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after December 31, 2021.

**Item 14. Principal Accounting Fees and Services**

The information required by this Item regarding our principal accountant fees and services is incorporated into this section by reference to the section captioned “Independent Registered Public Accounting Firm” in the proxy statement for our 2022 annual meeting of stockholders, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after December 31, 2021.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedule**

**1. Financial Statements**

**INDEX TO FINANCIAL STATEMENTS**

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 207)</a>	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2020</a>	F-3
<a href="#">Consolidated Statements of Operations and Comprehensive Loss for the Years Ended December 31, 2021 and 2020</a>	F-4
<a href="#">Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2020 and 2021</a>	F-5
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2021 and 2020</a>	F-6
<a href="#">Notes to Consolidated Financial Statements</a>	F-7 to F- 21

**2. Financial Statements Schedules**

Other financial statements schedules are not included because they are not required, or the information is otherwise shown in the Consolidated Financial Statements or notes thereto.



**(b) Exhibits**

The following exhibits are filed as part of this Annual Report on Form 10-K.

<b>Exhibit</b>	<b>Document</b>	<b>Incorporated by Reference From:</b>
<a href="#">3.1</a>	<a href="#">Second Amended and Restated Certificate of Incorporation</a>	Form 10-K filed on March 26, 2018
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws</a>	Form 10-K filed on March 26, 2018
<a href="#">4.1</a>	<a href="#">Description of Registered Securities</a>	Filed herewith as Exhibit 4.1
<a href="#">10.1*</a>	<a href="#">License Agreement with XOMA Ltd.</a>	Form 10-K filed on March 26, 2018
<a href="#">10.2*</a>	<a href="#">Option and License Agreement with Onxeo S.A.</a>	Form 10-K filed on March 26, 2018
<a href="#">10.3*</a>	<a href="#">Contribution Agreement (351) – Containing Registration Rights with TacticGem</a>	Form 10-K filed on March 26, 2018
<a href="#">10.4</a>	<a href="#">2016 Stock Incentive Plan, as amended</a>	Filed herewith as Exhibit 10.1
<a href="#">10.5</a>	<a href="#">Form of Incentive Stock Option Agreement</a>	Filed herewith as Exhibit 10.2
<a href="#">10.6</a>	<a href="#">Form of Non-qualified Stock Option Agreement</a>	Filed herewith as Exhibit 10.3
<a href="#">10.7</a>	<a href="#">Form of Restricted Stock Unit Agreement</a>	Filed herewith as Exhibit 10.4
<a href="#">10.8</a>	<a href="#">Form of Restricted Stock Unit Grant Notice</a>	Form 10-K filed on March 26, 2018
<a href="#">10.9</a>	<a href="#">Employment Agreement of Andrew P. Mazar – effective November 1, 2017</a>	Form 10-K filed on March 26, 2018
<a href="#">10.10</a>	<a href="#">Employment Agreement of Kim R. Tsuchimoto – effective November 1, 2017</a>	Form 10-K filed on March 26, 2018
<a href="#">10.11</a>	<a href="#">Amendment One to Employment Agreement of Kim R. Tsuchimoto – effective March 1, 2018</a>	Form 10-K filed on March 26, 2018
<a href="#">10.12</a>	<a href="#">Consulting Agreement of pRx Consulting (Patrice Rioux) – effective January 1, 2021</a>	Filed herewith as Exhibit 10.5
<a href="#">10.13</a>	<a href="#">Consulting Agreement of pRx Consulting (Patrice Rioux) – effective October 1, 2021</a>	Filed herewith as Exhibit 10.6
<a href="#">10.14</a>	<a href="#">Amendment No 1 to Consulting Agreement of pRx Consulting (Patrice Rioux) – effective October 1, 2021</a>	Filed herewith as Exhibit 10.7
<a href="#">10.15</a>	<a href="#">Consulting Agreement of Christopher M. Starr – effective January 1, 2022</a>	Filed herewith as Exhibit 10.8
<a href="#">21.1</a>	<a href="#">Subsidiaries of Monopar Therapeutics Inc. as of December 31, 2021</a>	Filed herewith as Exhibit 21.1
<a href="#">23.1</a>	<a href="#">Consent of Independent Registered Public Accounting Firm</a>	Filed herewith as Exhibit 23.1
<a href="#">24.1</a>	<a href="#">Power of Attorney (included in the signature page hereto)</a>	
<a href="#">31.1</a>	<a href="#">Certification of Chandler D. Robinson, Chief Executive Officer</a>	Filed herewith as Exhibit 31.1
<a href="#">31.2</a>	<a href="#">Certification of Kim R. Tsuchimoto, Chief Financial Officer</a>	Filed herewith as Exhibit 31.2
<a href="#">32.1</a>	<a href="#">Certification of Chandler D. Robinson, Chief Executive Officer and Kim R. Tsuchimoto, Chief Financial Officer</a>	Filed herewith as Exhibit 32.1
<a href="#">101.INS</a>	<a href="#">Inline XBRL Taxonomy Extension Schema</a>	
<a href="#">101.SCH</a>	<a href="#">Inline XBRL Taxonomy Extension Schema</a>	
<a href="#">101.CAL</a>	<a href="#">Inline XBRL Taxonomy Extension Calculation Linkbase</a>	
<a href="#">101.DEF</a>	<a href="#">Inline XBRL Taxonomy Extension Definition Linkbase</a>	
<a href="#">101.LAB</a>	<a href="#">Inline XBRL Taxonomy Extension Label Linkbase</a>	
<a href="#">101.PRE</a>	<a href="#">Inline XBRL Taxonomy Extension Presentation Linkbase</a>	
<a href="#">104</a>	<a href="#">Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)</a>	

Confidential Information has been omitted and filed separately with the SEC on exhibits marked with (\*). Confidential treatment has been approved with respect to the omitted information, pursuant to an Order dated January 8, 2018.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

**MONOPAR THERAPEUTICS INC**

Dated: March 24, 2022

By: /s/ Kim R. Tsuchimoto  
Name: Kim Tsuchimoto  
Title: Chief Financial Officer  
(Principal Financial Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Chandler D. Robinson and Kim R. Tsuchimoto, his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Chandler D. Robinson</u> Chandler Robinson	Chief Executive Officer and Director (Principal Executive Officer)	March 24, 2022
<u>/s/ Kim R. Tsuchimoto</u> Kim Tsuchimoto	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2022
<u>/s/ Andrew P. Mazar</u> Andrew Mazar	Chief Scientific Officer and Director	March 24, 2022
<u>/s/ Christopher M. Starr</u> Christopher Starr	Executive Chairman of the Board and Director	March 24, 2022
<u>/s/ Raymond W. Anderson</u> Raymond W. Anderson	Director	March 24, 2022
<u>/s/ Michael J. Brown</u> Michael Brown	Director	March 24, 2022
<u>/s/ Arthur J. Klausner</u> Arthur Klausner	Director	March 24, 2022

INDEX TO FINANCIAL STATEMENTS

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2020</a>	F-3
<a href="#">Consolidated Statements of Operations and Comprehensive Loss for the Years Ended December 31, 2021 and 2020</a>	F-4
<a href="#">Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2020 and 2021</a>	F-5
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2021 and 2020</a>	F-6
<a href="#">Notes to Consolidated Financial Statements</a>	F-7 to F-21

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and Board of Directors of Monopar Therapeutics Inc.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Monopar Therapeutics Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity and cash flows, for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BPM LLP

We have served as the Company’s auditor since 2015.

Walnut Creek, California  
March 23, 2022

**Monopar Therapeutics Inc.****Consolidated Balance Sheets**

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,303,869	\$ 16,737,109
Other current assets	217,745	62,690
Total current assets	<u>20,521,614</u>	<u>16,799,799</u>
Other non-current assets	-	68,858
Total assets	<u>\$ 20,521,614</u>	<u>\$ 16,868,657</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 1,580,543	\$ 1,176,666
Total current liabilities and total liabilities	<u>1,580,543</u>	<u>1,176,666</u>
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, par value of \$0.001 per share, 40,000,000 shares authorized, 12,598,125 and 11,453,465 shares issued and outstanding at December 31, 2021, and December 31, 2020, respectively	12,598	11,453
Additional paid-in capital	60,220,016	47,873,570
Accumulated other comprehensive loss	(3,160)	(7,873)
Accumulated deficit	<u>(41,288,383)</u>	<u>(32,185,159)</u>
Total stockholders' equity	<u>18,941,071</u>	<u>15,691,991</u>
Total liabilities and stockholders' equity	<u>\$ 20,521,614</u>	<u>\$ 16,868,657</u>

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

**Monopar Therapeutics Inc.****Consolidated Statements of Operations and Comprehensive Loss**

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating expenses:		
Research and development	\$ 6,493,208	\$ 4,065,199
General and administrative	2,634,040	2,443,676
Total operating expenses	9,127,248	6,508,875
Loss from operations	(9,127,248)	(6,508,875)
Other income:		
Other income from PPP loan forgiveness	-	122,400
Interest income	24,024	81,902
<b>Net loss</b>	<b>(9,103,224)</b>	<b>(6,304,573)</b>
Other comprehensive income:		
Foreign currency translation gain	4,713	3,097
Comprehensive loss	\$ (9,098,511)	\$ (6,301,476)
Net loss per share:		
Basic and diluted	\$ (0.73)	\$ (0.58)
Weighted average shares outstanding:		
Basic and diluted	12,472,217	10,958,256

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

**Monopar Therapeutics Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**Years Ended December 31, 2020 and 2021**

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2020	10,587,632	\$ 10,587	\$ 38,508,825	\$ (10,970)	\$ (25,880,586)	\$ 12,627,856
Issuance of common stock under a Capital on Demand™ Sales Agreement with JonesTrading Institutional Services LLC, net of commissions and fees of \$253,035	860,677	862	8,174,429	—	—	8,175,291
Issuance of common stock to non-employee directors pursuant to vested restricted stock units	5,156	4	(4)	—	—	—
Stock-based compensation (non-cash)	—	—	1,320,890	—	—	1,320,890
Other offering costs – Capital on Demand™	—	—	(130,570)	—	—	(130,570)
Net loss	—	—	—	—	(6,304,573)	(6,304,573)
Other comprehensive income	—	—	—	3,097	—	3,097
Balance at December 31, 2020	11,453,465	11,453	47,873,570	(7,873)	(32,185,159)	15,691,991
Issuance of common stock under a Capital on Demand™ Sales Agreement with JonesTrading Institutional Services LLC, net of commissions and fees of \$338,153	1,104,047	1,104	10,924,208	—	—	10,925,312
Issuance of common stock to non-employee directors pursuant to vested restricted stock units	12,020	12	(12)	—	—	—
Issuance of common stock to employees pursuant to vested restricted stock units, net of taxes	25,680	26	(63,279)	—	—	(63,253)
Issuance of common stock upon exercise of stock options	2,913	3	17,475	—	—	17,478
Stock-based compensation (non-cash)	—	—	1,468,054	—	—	1,468,054
Net loss	—	—	—	—	(9,103,224)	(9,103,224)
Other comprehensive income	—	—	—	4,713	—	4,713
Balance at December 31, 2021	<u>12,598,125</u>	<u>\$ 12,598</u>	<u>\$ 60,220,016</u>	<u>\$ (3,160)</u>	<u>\$ (41,288,383)</u>	<u>\$ 18,941,071</u>

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

**Monopar Therapeutics Inc.**  
**Consolidated Statements of Cash Flows**

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (9,103,224)	\$ (6,304,573)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense (non-cash)	1,468,054	1,320,890
Other income from PPP loan forgiveness	-	(122,400)
<b>Changes in operating assets and liabilities, net</b>		
Other current assets	(86,198)	(3,789)
Accounts payable, accrued expenses and other current liabilities	403,967	447,598
Net cash used in operating activities	(7,317,401)	(4,662,274)
<b>Cash flows from financing activities:</b>		
Cash proceeds from the sales of common stock under a Capital on Demand™ Sales Agreement with JonesTrading Institutional Services LLC, net of commissions, fees and offering costs of \$338,153 and \$253,035 for years ended December 30, 2021, and 2020, respectively	10,925,312	8,175,291
Other offering costs - Capital on Demand™	-	(115,571)
Taxes paid related to net share settlement of vested restricted stock units	(63,253)	-
Cash proceeds from the issuance of stock upon exercise of stock options	17,478	-
PPP forgivable bank loan	-	122,400
Net cash provided by financing activities	10,879,537	8,182,120
Effect of exchange rates	4,624	3,334
Net increase in cash and cash equivalents	3,566,760	3,523,180
<b>Cash and cash equivalents at beginning of period</b>	16,737,109	13,213,929
<b>Cash and cash equivalents at end of period</b>	<b>\$ 20,303,869</b>	<b>\$ 16,737,109</b>
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid, net of (refunds)	-	(11,099)

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



**MONOPAR THERAPEUTICS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**

**Note 1 - Nature of Business and Liquidity**

***Nature of Business***

Monopar Therapeutics Inc. (“Monopar” or the “Company”) is a clinical-stage biopharmaceutical company focused on developing proprietary therapeutics designed to extend life or improve quality of life for cancer patients. Monopar currently has four compounds in development: 1) Validive<sup>®</sup> (clonidine hydrochloride mucobuccal tablet; clonidine HCl MBT), a Phase 2b/3 clinical stage, first-in-class mucoadhesive buccal tablet for the prevention of radiation induced severe oral mucositis (“SOM”) in oropharyngeal cancer patients; 2) camsirubicin (generic name for MNPR-201, GPX-150; 5-imino-13-deoxydoxorubicin), a Phase 1b clinical stage novel analog of doxorubicin engineered specifically to retain anticancer activity while minimizing toxic effects on the heart; 3) MNPR-101, a preclinical stage uPAR-targeted antibody being developed as a radioimmunotherapeutic and companion diagnostic for advanced cancers and severe COVID-19; and 4) an early stage camsirubicin analog, MNPR-202, for various cancers.

***Liquidity***

The Company has incurred an accumulated deficit of approximately \$41.3 million as of December 31, 2021. To date, the Company has primarily funded its operations with the net proceeds from the Company’s initial public offering of its common stock on Nasdaq, sales of its common stock in the public market through an at-the-market sales agreement, private placements of convertible preferred stock and of common stock and cash provided in the camsirubicin asset purchase transaction. Management estimates that currently available cash will provide sufficient funds to enable the Company to meet its obligations at least through March 2023. The Company’s ability to fund its future operations, including the continued clinical development of Validive and camsirubicin, is dependent upon its ability to execute its business strategy, to obtain additional funding and/or to execute collaborative research agreements. There can be no certainty that future financing or collaborative research agreements will occur in the amounts required or at a time needed to maintain operations, if at all.

The coronavirus disease (“COVID-19”) pandemic continues to affect economies and business around the world. In response to COVID-19 and its effects on clinical trials, in 2020 Monopar modified the original adaptive design Phase 3 clinical trial for its lead product candidate, Validive, to be a Phase 2b/3 clinical trial (“VOICE”) to better fit the types of trials which can enroll sufficient required patients in the current environment. This modification allowed the Company to activate the VOICE clinical trial without requiring near-term financing. To complete the VOICE clinical program, including, if required, completing a second Phase 3 confirmatory clinical trial, Monopar will require additional funding in the millions or tens of millions of dollars (depending on if the Company has consummated a collaboration or partnership or neither for Validive), which it is planning to pursue within the next 12 months. Due to many uncertainties, the Company is unable to estimate the pandemic’s financial impact or duration in light of global vaccine rollouts and adverse new cases surging from COVID-19 variants at this time, or its potential impact on the Company’s current clinical trials, including COVID-19’s effect on drug candidate manufacturing, shipping, patient recruitment at clinical sites and regulatory agencies around the globe.

**Note 2 - Significant Accounting Policies**

***Basis of Presentation***

These consolidated financial statements include the financial results of Monopar Therapeutics Inc., its wholly-owned French subsidiary, Monopar Therapeutics, SARL, and its wholly-owned Australian subsidiary, Monopar Therapeutics Australia Pty Ltd and have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) and include all disclosures required by GAAP for financial reporting. All intercompany accounts have been eliminated. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and have been consistently applied in all periods presented. The Company has been primarily involved in performing research activities, developing product candidates, and raising capital to support and expand these activities.

The accompanying consolidated financial statements contain all normal, recurring adjustments necessary to present fairly the Company’s consolidated financial position as of December 31, 2021 and 2020, the Company’s consolidated results of operations and comprehensive loss and the Company’s consolidated cash flows for the years ended December 31, 2021 and 2020.

MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

**Functional Currency**

The Company's consolidated functional currency is the U.S. Dollar. The Company's Australian subsidiary and French subsidiary use the Australian Dollar and European Euro, respectively, as their functional currency. At each quarter-end, each foreign subsidiary's balance sheets are translated into U.S. Dollars based upon the quarter-end exchange rate, while their statements of operations and comprehensive loss and statements of cash flows are translated into U.S. Dollars based upon an average exchange rate during the period.

**Comprehensive Loss**

Comprehensive loss represents net loss plus any gains or losses not reported in the consolidated statements of operations and comprehensive loss, such as foreign currency translations gains and losses that are typically reflected on the Company's consolidated statements of stockholders' equity.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of expenses in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Going Concern Assessment**

The Company applies Accounting Standards Codification 205-40 ("ASC 205-40"), *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which the Financial Accounting Standards Board ("FASB") issued to provide guidance on determining when and how reporting companies must disclose going concern uncertainties in their financial statements. ASC 205-40 requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements (or within one year after the date on which the financial statements are available to be issued, when applicable). Further, a company must provide certain disclosures if there is "substantial doubt about the entity's ability to continue as a going concern." In February 2022, the Company analyzed its cash requirements at least through March 2023 and has determined that, based upon the Company's current available cash, the Company has no substantial doubt about its ability to continue as a going concern.

**Cash Equivalents**

The Company considers all highly liquid investments purchased with a maturity of 90 days or less on the date of purchase to be cash equivalents. Cash equivalents as of December 31, 2021, and 2020, consisted of one money market account.

**Prepaid Expenses**

Prepayments are expenditures for goods or services before the goods are used or the services are received and are charged to operations as the benefits are realized. Prepaid expenses may include payments to development collaborators in excess of actual expenses incurred by the collaborator, measured at the end of each reporting period. Prepayments also include insurance premiums, dues and subscriptions and software costs of \$10,000 or more per year that are expensed monthly over the life of the contract, which is typically one year. Prepaid expenses are reflected on the Company's consolidated balance sheets as other current assets.

MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

**Bank Loans**

In May 2020, the Company applied for and received a \$122,400 bank loan pursuant to the Paycheck Protection Program (“PPP”) established pursuant to the Coronavirus Aid, Relief, and Economic Security Act, as administered by the U.S. Small Business Administration (“SBA”).

The repayment of the PPP loan is forgivable by the SBA, if certain conditions are met, namely the PPP loan must be used primarily for payroll during the 24-week period following receipt of the loan, without significant staffing reductions during that period. The Company applied for and received the PPP loan forgiveness on December 11, 2020, at which time the PPP loan amount was recorded as other income on the Company’s consolidated statements of operations and comprehensive loss.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents. The Company maintains cash and cash equivalents at two reputable financial institutions. As of December 31, 2021, the balance at one financial institution was in excess of the \$250,000 Federal Deposit Insurance Corporation (“FDIC”) insurable limit. The Company has not experienced any losses on its deposits since inception and management believes the Company is not exposed to significant risks with respect to these financial institutions.

**Fair Value of Financial Instruments**

For financial instruments consisting of cash and cash equivalents, accounts payable, accrued expenses, and other current liabilities, the carrying amounts are reasonable estimates of fair value due to their relatively short maturities.

The Company adopted ASC 820, *Fair Value Measurements and Disclosures*, as amended, which addresses the measurement of the fair value of financial assets and financial liabilities. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect a reporting entity’s pricing an asset or liability developed based on the best information available under the circumstances. The fair value hierarchy consists of the following three levels:

*Level 1* - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

*Level 2* - instrument valuations are obtained from readily available pricing sources for comparable instruments.

*Level 3* - instrument valuations are obtained without observable market values and require a high-level of judgment to determine the fair value.

## MONOPAR THERAPEUTICS INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each reporting period. There were no transfers between Level 1, 2 or 3 of the fair value hierarchy during the years ended December 31, 2021, and 2020. The following table presents the assets and liabilities recorded that are reported at fair value on our consolidated balance sheets on a recurring basis. No values were recorded in Level 2 or Level 3 at December 31, 2021, and 2020.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

<b>December 31 2021</b>	<b>Level 1</b>	<b>Total</b>
Assets		
Cash equivalents(1)	\$ 20,014,205	\$ 20,014,205
Total	\$ 20,014,205	\$ 20,014,205
<b>December 31 2020</b>	<b>Level 1</b>	<b>Total</b>
Assets		
Cash equivalents(1)	\$ 16,605,682	\$ 16,605,682
Total	\$ 16,605,682	\$ 16,605,682

(1) Cash equivalents represent the fair value of the Company's investment in a money market account.

*Net Loss per Share*

Net loss per share for the years ended December 31, 2021, and 2020, is calculated by dividing net loss by the weighted-average shares of common stock outstanding during the period. Diluted net loss per share for the years ended December 31, 2021, and 2020 is calculated by dividing net loss by the weighted-average shares of the sum of a) weighted average common stock outstanding (12,472,217 and 10,958,256 shares for the years ended December 31, 2021, and 2020, respectively) and b) potentially dilutive shares of common stock (such as stock options and restricted stock units) outstanding during the period. As of December 31, 2021, and 2020, potentially dilutive securities included stock-based awards to purchase up to 1,655,451 and 1,298,643 shares of the Company's common stock, respectively. For the years ended December 31, 2021, and 2020, potentially dilutive securities are excluded from the computation of fully diluted net loss per share as their effect is anti-dilutive.

*Research and Development Expenses*

Research and development ("R&D") costs are expensed as incurred. Major components of R&D expenses include salaries and benefits paid to the Company's R&D staff, compensation expenses of G&A personnel performing R&D, fees paid to consultants and to the entities that conduct certain R&D activities on the Company's behalf and materials and supplies which were used in R&D activities during the reporting period.

**MONOPAR THERAPEUTICS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**

***Clinical Trials Accruals***

The Company accrues and expenses the costs for clinical trial activities performed by third parties based upon estimates of the percentage of work completed over the life of the individual study in accordance with agreements established with contract research organizations, service providers, and clinical trial sites. The Company estimates the amounts to accrue based upon discussions with internal clinical personnel and external service providers as to progress or stage of completion of trials or services and the agreed upon fee to be paid for such services. Costs of setting up clinical trial sites for participation in the trials are expensed immediately as R&D expenses. Clinical trial site costs related to patient screening and enrollment are accrued as patients are screened/entered into the trial.

***Collaborative Agreements***

The Company and its collaborative partners are active participants in collaborative agreements and all parties would be exposed to significant risks and rewards depending on the technical and commercial success of the activities. Contractual payments to the other parties in collaboration agreements and costs incurred by the Company when the Company is deemed to be the principal participant for a given transaction are recognized on a gross basis in R&D expenses. Royalties and license payments are recorded as earned.

During the years ended December 31, 2021, and 2020, no milestones were met, and no royalties were earned, therefore, the Company did not pay or accrue/expense any license or royalty payments.

***Licensing Agreements***

The Company has various agreements licensing technology utilized in the development of its product or technology programs. The licenses contain success milestone obligations and royalties on future sales. During the years ended December 31, 2021, and 2020, no milestones were met, and no royalties were earned, therefore, the Company did not pay or accrue/expense any license or royalty payments under any of its license agreements.

***Patent Costs***

The Company expenses costs relating to issued patents and patent applications, including costs relating to legal, renewal and application fees, as a component of general and administrative expenses in its consolidated statements of operations and comprehensive loss.

***Income Taxes***

The Company uses an asset and liability approach for accounting for deferred income taxes, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements but have not been reflected in its taxable income. Estimates and judgments are required in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred income tax assets, which arise from temporary differences and carryforwards. Deferred income tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled.

MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

The Company regularly assesses the likelihood that its deferred income tax assets will be realized from recoverable income taxes or recovered from future taxable income. To the extent that the Company believes any amounts are not “more likely than not” to be realized, the Company records a valuation allowance to reduce the deferred income tax assets. In the event the Company determines that all or part of the net deferred tax assets are not realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made. Similarly, if the Company subsequently determines deferred income tax assets that were previously determined to be unrealizable are now realizable, the respective valuation allowance would be reversed, resulting in an adjustment to earnings in the period such determination is made.

Internal Revenue Code Sections 382 and 383 (“Sections 382 and 383”) limit the use of net operating loss (“NOL”) carryforwards and R&D credits, after an ownership change. To date, the Company has not conducted a Section 382 or 383 study, however, because the Company will continue to raise significant amounts of equity in the coming years, the Company expects that Sections 382 and 383 will limit the Company’s usage of NOLs and R&D credits in the future.

ASC 740, *Income Taxes*, requires that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that realization is “more likely than not.” Realization of the future tax benefits is dependent on the Company’s ability to generate sufficient taxable income within the carryforward period. The Company has reviewed the positive and negative evidence relating to the realizability of the deferred tax assets and has concluded that the deferred tax assets are not “more likely than not” to be realized. As a result, the Company recorded a full valuation allowance as of December 31, 2021, and 2020. U.S. Federal R&D tax credits from 2016 to 2019 were utilized to reduce payroll taxes in future periods and were recorded as other current assets for amounts anticipated to be received within 12 months and as other noncurrent assets for amounts anticipated to be received beyond 12 months on the Company’s consolidated balance sheets. The Company intends to maintain the valuation allowance until sufficient evidence exists to support its reversal. The Company regularly reviews its tax positions. For a tax benefit to be recognized, the related tax position must be “more likely than not” to be sustained upon examination. Any amount recognized is generally the largest benefit that is “more likely than not” to be realized upon settlement. The Company’s policy is to recognize interest and penalties related to income tax matters as an income tax expense. For the years ended December 31, 2021, and 2020, the Company did not have any interest or penalties associated with unrecognized tax benefits.

The Company is subject to U.S. Federal, Illinois and California income taxes. In addition, the Company is subject to local tax laws of France and Australia. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Monopar was originally formed as an LLC in December 2014, then incorporated on December 16, 2015. The Company is subject to U.S. Federal, state and local tax examinations by tax authorities for the tax years 2015 through 2021. The Company does not anticipate significant changes to its current uncertain tax positions through December 31, 2021. The Company plans on filing its U.S. Federal and state tax returns for the year ended December 31, 2021, prior to the extended filing deadlines in all jurisdictions.

***Stock-Based Compensation***

The Company accounts for stock-based compensation arrangements with employees, non-employee directors and consultants using a fair value method, which requires the recognition of compensation expense for costs related to all stock-based awards, including stock option and restricted stock unit (“RSU”) grants. The fair value method requires the Company to estimate the fair value of stock-based payment awards on the date of grant using an option pricing model or the closing stock price on the date of grant in the case of RSUs.

MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Stock-based compensation expense for awards granted to employees, non-employee directors and consultants are based on the fair value of the underlying instrument calculated using the Black-Scholes option-pricing model on the date of grant for stock options and using the closing stock price on the date of grant for RSUs and recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. Determining the appropriate fair value model and related assumptions requires judgment, including estimating the future stock price volatility, forfeiture rates and expected terms. The expected volatility rates are estimated based on the actual volatility of comparable public companies over recent historical periods of the same length as the expected term. The Company selected these companies based on reasonably comparable characteristics, including market capitalization, stage of corporate development and with historical share price information sufficient to meet the expected term (life) of the stock-based awards. The expected term for options granted to date is estimated using the simplified method. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company has not paid dividends and does not anticipate paying a cash dividend in the future vesting period and, accordingly, uses an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards.

**Note 3 - Capital Stock**

Holders of the common stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor. To date no dividends have been declared. Upon dissolution and liquidation of the Company, holders of the common stock are entitled to a ratable share of the net assets of the Company remaining after payments to creditors of the Company. The holders of shares of common stock are entitled to one vote per share for the election of each director nominated to the Board and one vote per share on all other matters submitted to a vote of stockholders.

The Company's amended and restated certificate of incorporation authorizes the Company to issue 40,000,000 shares of common stock with a par value of \$0.001 per share.

***Sales of Common Stock***

On January 13, 2020, the Company entered into a Capital on Demand™ Sales Agreement with JonesTrading, as sales agent, pursuant to which Monopar could offer and sell (at its discretion), from time to time, through or to JonesTrading shares of Monopar's common stock, having an aggregate offering price of up to \$19.7 million. Pursuant to this agreement, during the year ended December 31, 2020, the Company sold 860,677 shares of its common stock at an average gross price per share of \$9.79 for net proceeds of \$8,175,291, after fees and commissions of \$253,035. Also pursuant to this agreement, during the year ended December 31, 2021, the Company sold 1,104,047 shares of its common stock at an average gross price per share of \$10.20 for net proceeds of \$10,925,312 after fees and commissions of \$338,153. In aggregate pursuant to this agreement, the Company sold 1,964,724 shares of its common stock at an average gross price per share of \$10.02 for net proceeds of \$19,100,603, after fees and commissions of \$591,188. The maximum aggregate offering price under the agreement was reached during the first quarter of 2021 and the Company does not expect further sales under this agreement.

As of December 31, 2021, the Company had 12,598,125 shares of common stock issued and outstanding.

MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

**Note 4 - Stock Incentive Plan**

In April 2016, the Company's Board of Directors and stockholders representing a majority of the Company's outstanding stock at that time, approved the Monopar Therapeutics Inc. 2016 Stock Incentive Plan, as amended (the "Plan"), allowing the Company to grant up to an aggregate 700,000 shares of stock-based awards in the form of stock options, restricted stock units, stock appreciation rights and other stock-based awards to employees, non-employee directors and consultants. In October 2017, the Company's Board of Directors voted to increase the stock award pool to 1,600,000 shares of common stock, which subsequently was approved by the Company's stockholders. In April 2020, the Company's Board of Directors voted to increase the stock award pool to 3,100,000 (an increase of 1,500,000 shares of common stock), which was approved by the Company's stockholders in June 2020. In April 2021, the Company's Board of Directors voted to approve an amendment to the 2016 Stock Incentive Plan to remove certain individual award limits and other provisions related to I.R.C. Section 162(m) and to update the limit on Incentive Stock Options to no more than 100% of the maximum aggregate number of shares which may be granted under the plan, which was approved by the Company's stockholders in June 2021.

During the year ended December 31, 2021, the Company's Plan Administrator Committee (with regards to non-officer employees and consultants) and the Company's Compensation Committee, as ratified by the Board of Directors (in the case of executive officers and non-employee directors), granted to executive officers, non-officer employees and non-employee directors aggregate stock options for the purchase of 403,476 shares of the Company's common stock with exercise prices ranging from \$4.01 to \$9.67 per share which vest over 1 to 4 years. All stock option grants have a 10-year term. In addition, during the year ended December 31, 2021, an aggregate 124,374 restricted stock units were granted to executive officers, non-officer employees and non-employee directors which vest over 1 to 4 years.

Under the Plan, the per share exercise price for the shares to be issued upon exercise of an option shall be determined by the Plan Administrator, except that the per share exercise price shall be no less than 100% of the fair market value per share on the grant date. Fair market value is the Company's closing price on Nasdaq. Stock options generally expire after 10 years.

Stock option activity under the Plan was as follows:

	<b>Options Outstanding</b>	
	<b>Number of Shares Subject to Options</b>	<b>Weighted- Average Exercise Price</b>
<b>Balances at January 1, 2020</b>	<b>1,087,463</b>	<b>\$ 2.94</b>
Granted	174,357	14.13
Forfeited	(3,243)	8.47
<b>Balances at December 31, 2020</b>	<b>1,258,577</b>	<b>4.47</b>
Granted(1)	403,476	6.27
Forfeited(2)	(115,151)	6.49
Exercised	(2,913)	6.00
<b>Balances at December 31, 2021</b>	<b>1,543,989</b>	<b>4.78</b>
Unvested options outstanding expected to vest <sup>(3)</sup>	345,286	7.28

(1) 403,476 options vest as follows: options to purchase 375,704 shares of the Company's common stock vest 6/48ths on the six-month anniversary of vesting commencement date and 1/48th per month thereafter; options to purchase 17,772 shares of the Company's common stock vest quarterly over one year; and options to purchase 10,000 shares of the Company's common stock vest monthly over one year. Exercise prices range from \$4.01 to \$9.67 per share

(2) Forfeited options represent unvested shares and vested, expired shares related to employee terminations.

(3) Estimated forfeitures only include known forfeitures to-date as the Company typically accounts for forfeitures as they occur due to a limited history of forfeitures.



MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

A summary of options outstanding as of December 31, 2021, is shown below:

Exercise Prices	Number of Shares Subject to Options Outstanding	Weighted-Average Remaining Contractual Term in Years	Number of Shares Subject to Options Fully Vested and Exercisable	Weighted-Average Remaining Contractual Term in Years
\$0.001-\$5.00	567,920	4.81	556,045	4.71
\$5.01-\$10.00	822,316	7.48	530,694	6.88
\$10.01-\$15.00	145,232	8.09	103,443	8.09
\$15.01-\$20.00	8,521	5.88	8,521	5.88
	<b>1,543,989</b>	<b>6.55</b>	<b>1,198,703</b>	<b>5.97</b>

Restricted stock unit activity under the Plan was as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value per Unit
<b>Unvested balance at January 1, 2020</b>	—	\$ —
Granted	45,722	12.93
Vested	(5,156)	12.93
Forfeited	(500)	12.93
<b>Unvested balance at January 1, 2021</b>	<b>40,066</b>	<b>12.93</b>
Granted	124,374	6.81
Vested	(49,758)	8.04
Forfeited	(3,220)	7.52
<b>Unvested Balance at December 31, 2021</b>	<b>111,462</b>	<b>8.44</b>

During the years ended December 31, 2021, and 2020, the Company recognized \$60,317 and \$613,771 of employee and non-employee director stock-based compensation expense as general and administrative expenses, respectively, and \$866,537 and \$636,867 as research and development expenses, respectively. The stock-based compensation expense is allocated on a departmental basis, based on the classification of the stock-based award holder. No income tax benefits have been recognized in the consolidated statements of operations and comprehensive loss for stock-based compensation arrangements.

The Company recognizes as an expense the fair value of options granted to persons (currently consultants) who are neither employees nor non-employee directors. Stock-based compensation expense for consultants which were recorded as research and development expense for the years ended December 31, 2021, and 2020, was \$41,200 and \$70,252, respectively.

The fair value of options granted from inception to December 31, 2021, was based on the Black-Scholes option-pricing model assuming the following factors 4.7 to 6.2 years expected term, 55% to 85% volatility, 0.4% to 2.9% risk free interest rate and zero dividends. The expected term for options granted to date was estimated using the simplified method.

## MONOPAR THERAPEUTICS INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Stock option grants and fair values under the Plan were as follows:

	Years Ended December 31,	
	2021	2020
Stock options granted	403,476	174,357
Weighted-average grant date fair value per share	\$ 4.46	\$ 9.03
Fair value of shares vested	\$ 1,152,572	\$ 1,214,512

At December 31, 2021, the aggregate intrinsic value of outstanding vested stock options was approximately \$1.8 million (unvested stock options had zero intrinsic value) and the weighted-average exercise price in aggregate was \$4.78 which includes \$4.06 for fully vested stock options and \$7.28 for stock options expected to vest. At December 31, 2021, unamortized unvested balance of stock-based compensation was \$2.5 million, to be amortized over the following 2.6 years.

**Note 5 - Related Party Transactions**

As of December 31, 2021, Tactic Pharma, LLC (“Tactic Pharma”), the Company’s initial investor, beneficially owned 34% of Monopar’s common stock and during the year ended December 31, 2021, there were no transactions between Tactic Pharma and Monopar.

None of the related parties discussed in this paragraph received compensation other than market-based salary, market-based stock-based compensation and benefits and performance-based incentive bonus or in the case of non-employee directors, market-rate Board fees and market-rate stock-based compensation. The Company considers the following individuals as related parties: Three of the Company’s board members were also Managing Members of Tactic Pharma as of December 31, 2021. Chandler D. Robinson is a Company Co-Founder, Chief Executive Officer, common stockholder, Managing Member of Tactic Pharma, former Manager of the predecessor LLC, Manager of CDR Pharma, LLC and Board member of Monopar as a C Corporation. Andrew P. Mazar is a Company Co-Founder, Executive Vice President of Research and Development, Chief Scientific Officer, common stockholder, Managing Member of Tactic Pharma, former Manager of the predecessor LLC and Board member of Monopar as a C Corporation. Michael Brown is a Managing Member of Tactic Pharma (as of February 1, 2019, with no voting power as it relates to Monopar), a previous managing member of Monopar as an LLC, common stockholder and Board member of Monopar as a C Corporation.

**Note 6 – Income Taxes**

ASC 740 requires that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that realization is “more likely than not.” Realization of the future tax benefits is dependent on the Company’s ability to generate sufficient taxable income within the carryforward period. The Company has reviewed the positive and negative evidence relating to the realizability of the deferred tax assets and has concluded that the deferred tax assets are not “more likely than not” to be realized. The valuation allowance increased by approximately \$2,500,000 and \$2,652,000 during the years ended December 31, 2021, and 2020, respectively.

**MONOPAR THERAPEUTICS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**

The provision for income taxes for December 31, 2021, and 2020, consists of the following:

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current:		
Federal	\$ -	\$ -
State	-	-
Foreign	-	18,361
Total current:	-	18,361
Deferred:		
Federal	-	-
State	-	-
Foreign	-	-
Total deferred:	-	-
Total provision*	<u>\$ -</u>	<u>\$ 18,361</u>

\*Total provision of foreign taxes as of December 31, 2020, is recorded in general and administrative expenses on the Company's consolidated statements of operations and comprehensive loss as it is not considered a material amount.

The difference between the effective tax rate and the U.S. federal tax rate is as follows:

	<b>%</b>
Federal income tax	21.00
State income taxes, less federal benefit	7.12
Tax credits	2.03
Permanent differences	-1.97
Change in valuation allowances	-27.47
Other	-0.71
Effective tax rate benefit (expense)	<u>-</u>

MONOPAR THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Deferred tax assets and liabilities consist of the following:

	As of December 31,	
	2021	2020
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 3,484,229	\$ 1,951,673
Tax credits carryforwards	382,648	228,922
Stock-based compensation	700,208	611,903
Intangible asset basis differences	3,153,199	2,427,668
Gross deferred tax assets	7,720,284	5,220,166
Valuation allowance	(7,720,284)	(5,220,166)
Net deferred tax assets	\$ —	\$ —

As of December 31, 2021, Company had total federal net operating loss carryforwards of approximately \$2,215,000, which will begin to expire in 2035. Losses generated after 2017 will be carried forward indefinitely. At December 31, 2021, the Company had state net operating loss carryforwards of approximately \$12,245,000 which will begin to expire in 2027.

As of December 31, 2021, the Company had federal and state R&D credits of \$70,000 and \$143,000, respectively. The federal credits expire beginning after the year 2035 and the state credits began to expire in 2021. Federal R&D credits from 2016 to 2019 were used to offset future payroll taxes.

The Tax Reform Act of 1986 limits the use of net operating carryforwards and R&D credits in certain situations where changes occur in the stock ownership of a company. In the event the Company has had a change in ownership, utilization of the carryforwards and R&D credits could be limited. The Company has not performed a net operating loss or R&D credit utilization study to date.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, "Accounting for Uncertainty in Income Taxes." ASC 740-10 prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of any uncertain tax positions that have been taken or are expected to be taken on a tax return. It is Company's policy to include penalties and interest expense related to income taxes as an income tax expense.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2021	2020
Beginning uncertain tax benefits	\$ 63,262	\$ —
Current year - increases	46,092	44,786
Prior year - increases (decreases)	(6,250)	18,476
Ending uncertain tax benefits	\$ 103,104	\$ 63,262

**MONOPAR THERAPEUTICS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**

Included in the balance of uncertain tax benefits at December 31, 2021 are \$103,104 of tax benefits that, if recognized, would not impact the effective tax rate as it would be offset by the reversal of related deferred tax assets which are subject to a full valuation allowance. The Company anticipates that no material amounts of unrecognized tax benefits will be settled within 12 months of the reporting date. As of December 31, 2021, the Company had no accrued interest or penalties recorded related to uncertain tax positions.

The Company files U.S. federal, California and Illinois state tax returns. Company is subject to California state minimum franchise taxes. All tax returns will remain open for examination by the federal and state taxing authorities for three and four years, respectively, from the date of utilization of any net operating loss carryforwards or R&D credits. In addition, due to the operations in certain foreign countries, the Company became subject to local tax laws of such countries. Nonetheless, as of December 31, 2021, due to the insignificant expenditures in such countries, there was no material tax effect to the Company's 2021 consolidated financial statements.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted and signed into law and GAAP requires recognition of the tax effects of new legislation during the reporting period that includes the enactment date. The CARES Act includes changes to the tax provisions that benefits business entities, and makes certain technical corrections to the 2017 Tax Cuts and Jobs Act. The tax relief measures for businesses in the CARES Act include a five-year net operating loss carryback for certain net operating losses, suspension of the annual deduction limitation of 80% of taxable income for certain net operating losses, changes in the deductibility of interest, acceleration of alternative minimum tax credit refunds, payroll tax relief, and a technical correction to allow accelerated deductions for qualified improvement property. The CARES Act also provides other non-tax benefits to assist those impacted by the pandemic. The Company evaluated the impact of the CARES Act and determined that there is no material impact to the income tax provision for the years ended December 31, 2021, and 2020.

The Consolidated Appropriation Act ("CAA") of 2021 was signed into law by the President on December 27, 2020, containing the most recent COVID-19 relief provisions as well as many tax provisions including renewals of several popular tax extenders. The Company evaluated the impact of the CAA and determined that there is no material impact to the income tax provision for the years ended December 31, 2021, and 2020.

**Note 7 – Commitments and Contingencies**

**License, Development and Collaboration Agreements**

***Onxeo S.A.***

In June 2016, the Company executed an option and license agreement with Onxeo S.A. ("Onxeo"), a public French company, which gave Monopar the exclusive option to license (on a world-wide exclusive basis) Validive to pursue treating severe oral mucositis in patients undergoing chemoradiation treatment for head and neck cancers. The pre-negotiated Onxeo license agreement for Validive as part of the option agreement includes clinical, regulatory, developmental and sales milestones that could reach up to \$108 million if the Company achieves all milestones, and escalating royalties on net sales from 5% to 10%. On September 8, 2017, the Company exercised the license option, and therefore paid Onxeo the \$1 million fee under the option and license agreement.

Under the agreement, the Company is required to pay royalties to Onxeo on a product-by-product and country-by-country basis until the later of (1) the date when a given product is no longer within the scope of a patent claim in the country of sale or manufacture, (2) the expiry of any extended exclusivity period in the relevant country (such as orphan drug exclusivity, pediatric exclusivity, new chemical entity exclusivity, or other exclusivity granted beyond the expiry of the relevant patent), or (3) a specific time period after the first commercial sale of the product in such country. In most countries, including the U.S., the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country, not taking into consideration any potential patent term adjustment that may be filed in the future or any regulatory extensions that may be obtained. The royalty termination provision pursuant to (3) described above is shorter than 20 years and is the least likely cause of termination of royalty payments.

**MONOPAR THERAPEUTICS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**

The Onxeo license agreement does not have a pre-determined term, but expires on a product-by-product and country-by-country basis; that is, the agreement expires with respect to a given product in a given country whenever the Company's royalty payment obligations with respect to such product have expired. The agreement may also be terminated early for cause if either the Company or Onxeo materially breach the agreement, or if either the Company or Onxeo become insolvent. The Company may also choose to terminate the agreement, either in its entirety or as to a certain product and a certain country, by providing Onxeo with advance notice.

The Company is internally developing Validive and has activated clinical sites and begun patient dosing for its VOICE clinical trial, which, if successful, may allow the Company to apply for marketing approval within the next several years. The Company will need to raise significant funds or enter into a collaboration partnership to support the further development, including potential commercialization of Validive. As of December 31, 2021, the Company had not reached any of the pre-specified milestones and has not been required to pay Onxeo any funds under this license agreement other than the \$1 million one-time license fee.

***Grupo Español de Investigación en Sarcomas ("GEIS")***

In June 2019, the Company executed a clinical collaboration agreement with GEIS for the development of camsirubicin in patients with advanced soft tissue sarcoma ("ASTS"). Following completion of the Phase 1b clinical trial in the U.S. that Monopar initiated in the third quarter of 2021 with the first patient dosed in October 2021, the Company continues to expect that GEIS will sponsor and lead a multi-country, randomized, open-label Phase 2 clinical trial to evaluate camsirubicin head-to-head against doxorubicin, the current first-line treatment for ASTS. The Company will provide study drug and supplemental financial support for the clinical trial. During the year ended December 31, 2020, Monopar incurred \$1.4 million in expenses related to the GEIS collaboration including clinical material manufacturing-related expense, clinical consulting, database management expenses and intellectual property expenses. The Company continued with the GEIS collaboration through the first quarter of 2021 and incurred \$0.3 million in expenses related to the collaboration. The Company can terminate the agreement by providing GEIS with advance notice, and without affecting the Company's rights and ownership to any related intellectual property or clinical data. In the second quarter of 2021, due to regulatory delays in Spain, Monopar decided to conduct an open-label Phase 1b clinical trial of camsirubicin in the U.S.

***XOMA Ltd.***

The intellectual property rights contributed by Tactic Pharma to the Company included the non-exclusive license agreement with XOMA Ltd. for the humanization technology used in the development of MNPR-101. Pursuant to such license agreement, the Company is obligated to pay XOMA Ltd. clinical, regulatory and sales milestones for MNPR-101 that could reach up to \$14.925 million if the Company achieves all milestones. The agreement does not require the payment of sales royalties. There can be no assurance that the Company will reach any milestones under the XOMA agreement. As of December 31, 2021, the Company had not reached any milestones and has not been required to pay XOMA Ltd. any funds under this license agreement.

**MONOPAR THERAPEUTICS INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**

**Operating Leases**

The Company is currently leasing office space for its executive headquarters at 1000 Skokie Blvd., in the Village of Wilmette, Illinois for \$4,487 per month on a month-to-month basis.

During the years ended December 31, 2021, and 2020, the Company recognized operating lease expenses of \$4,960 and \$55,236, respectively.

**Legal Contingencies**

The Company may be subject to claims and assessments from time to time in the ordinary course of business. No claims have been asserted to date.

**Indemnification**

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but that have not yet been made. To date, the Company has not paid any claims nor been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of future claims against these indemnification obligations.

In accordance with its second amended and restated certificate of incorporation, amended and restated bylaws and the indemnification agreements entered into with each officer and non-employee director, the Company has indemnification obligations to its officers and non-employee directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacities. There have been no indemnification claims to date.

**Note 8 – Subsequent Events**

Subsequent to December 31, 2021, the Company's Plan Administrator Committee (with regards to non-officer employees) and the Company's Compensation Committee, as ratified by the full Board (in the case of officers and non-employee directors) granted an aggregate of 549,064 stock options with exercise prices ranging from \$2.80 to \$3.52. All stock options have a 10-year term and vest from 1 to 4 years. The Company also granted an aggregate 403,522 restricted stock units on February 2, 2022, which vest over 1 to 4 years.

**DESCRIPTION OF REGISTERED SECURITIES**

We have the authority to issue 40,000,000 shares of Common Stock, \$0.001 par value. As of March 11, 2022, there were 12,604,514 shares of our common stock issued and outstanding.

We have reserved 3,100,000 shares of our common stock for issuance under our 2016 Stock Incentive Plan, as subsequently amended (the “Plan”), and as of March 11, 2022, we have outstanding stock options to purchase up to 2,073,187 shares of our common stock, 502,912 restricted stock units and 437,749 shares of our common stock available for future stock awards under the Plan.

**Common Stock*****Voting Rights***

The holders of shares of our common stock are entitled to one vote per share for the election of directors and on all other matters submitted to a vote of stockholders. Shares of our common stock do not have cumulative voting rights. The election of our Board of Directors (“Board”) is decided by a plurality of the votes cast at a meeting of our stockholders by the holders of stock entitled to vote in the election.

***Dividends***

Holders of our common stock are entitled to receive such dividends as may be declared by our Board out of funds legally available therefor.

***Liquidation***

Upon our dissolution and liquidation, holders of our common stock are entitled to a ratable share of our net assets remaining after payments to our creditors.

***Rights and Preferences***

Our stockholders have no preemptive rights to acquire additional shares of our common stock or other securities. The shares of our common stock are not subject to redemption.

**Preferred Stock**

We have no preferred stock authorized or outstanding.

**Anti-Takeover Provisions*****Delaware Law***

We are subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a “business combination” with any “interested stockholder” for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our Board or unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger or consolidation involving us and the “interested stockholder” and the sale of more than 10% of our assets. In general, an “interested stockholder” is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

***Authorized but Unissued Shares***

The authorized but unissued shares of our common stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of any exchange on which our shares are listed. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

***Election of Director by Plurality of Shares; Vacancies***

Our Amended and Restated By-laws provide that directors will be elected by a plurality of votes cast by the shares present in person or by proxy at a meeting of the stockholders and entitled to vote thereon, a quorum being present at such meeting. There is no cumulative voting, meaning that Directors may be elected with a vote of holders of less than a majority of the outstanding common stock.

Our Amended and Restated By-laws also provide that vacancies occurring on our Board may be filled by the affirmative votes of a majority of the remaining members of our Board or by the sole remaining director, and not by our stockholders. Such provisions in our corporate organizational documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management or hinder efforts to acquire a controlling interest in us. The inability to make changes to our Board could prevent or discourage an attempt to take control of the Company by means of a proxy contest, tender offer, merger or otherwise.

---



### ***Special Meeting of Stockholders; Advance Notice Requirements for Stockholder Proposals and Director Nominations; Stockholder Action***

Our Amended and Restated By-laws provide that, except as otherwise required by law, special meetings of the stockholders can only be called by our Board. Stockholders at a special meeting may only consider matters set forth in the notice of the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that may be favored by the holders of a majority of our outstanding voting securities.

### ***Super Majority Voting***

The General Corporation Law of the State of Delaware provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. Our Amended and Restated By-laws may be amended or repealed by a majority vote of our Board or the affirmative vote of the holders of at least a majority of the votes that all our stockholders would be entitled to cast in any election of Directors.

### **Registration Rights**

We are subject to an agreement with TacticGem, LLC ("TacticGem"), our largest stockholder, which obligates us to file a Form S-3 or other appropriate form of registration statement covering the resale of any of our Common Stock by TacticGem, or its members Gem Pharmaceuticals, LLC, or Tactic Pharma, LLC, upon direction by TacticGem at any time. We are required to use our best efforts to have such registration statement declared effective as soon as practical after it is filed. In the event that such registration statement for resale is not approved by the SEC, and TacticGem submits a written request, we are required to prepare and file a registration statement on Form S-1 registering such Common Stock for resale and to use our best efforts to have such registration statement declared effective as soon as practical thereafter. Additionally, if we propose to register our common stock for sale for cash, we are required to notify TacticGem, Gem and Tactic Pharma of our intention to do so and they have the right to cause shares of stock owned by them to be included in such registration, subject to registration rights of other holders of restricted stock and the ability of the underwriter to limit the number of shares to be included. After registration, pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act other than pursuant to restrictions on affiliates under Rule 144.

### **Listing**

Our common stock is listed on the Nasdaq Capital Market under the symbol "MNPR."

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is VStock Transfer, LLC ("VStock"). VStock's address is 18 Lafayette Place, Woodmere, NY 11598.

---

**MONOPAR THERAPEUTICS INC.**  
**2016 STOCK INCENTIVE PLAN**  
**(Share amounts have been adjusted to reflect a 70 for 1**  
**stock split that took place on March 17, 2017)**

**(As amended to date)**

**1. Purpose of the Plan.**

The purpose of this Plan is to enhance shareholder value by linking the compensation of officers, directors, key employees and consultants of the Company to increases in the price of Monopar Therapeutics Inc. common stock and the achievement of other performance objectives, and to encourage ownership in the Company by key personnel and consultants whose long-term employment and retention is considered essential to the Company's continued progress and success. The Plan is also intended to assist the Company in the recruitment of new employees and consultants and to motivate, retain and encourage such employees, directors and consultants to act in the shareholders' interest and share in the Company's success.

**2. Definitions.**

As used herein, the following definitions shall apply:

(a) "**Administrator**" means the Board, any Committee or such delegates as shall be administering the Plan in accordance with Section 4 of the Plan.

(b) "**Affiliate**" means any Subsidiary or other entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Administrator. The Administrator shall, in its sole discretion, determine which entities are classified as Affiliates and designated as eligible to participate in this Plan.

(c) "**Applicable Law**" means the requirements relating to the administration of stock option plans under U.S. federal and state laws, any stock exchange or quotation system on which the Company has listed or submitted for quotation the Common Shares to the extent provided under the terms of the Company's agreement with such exchange or quotation system and, with respect to Awards subject to the laws of any foreign jurisdiction where Awards are, or will be, granted under the Plan, the laws of such jurisdiction.

(d) "**Award**" means a Stock Award, Option, Stock Appreciation Right, or Other Stock-Based Award granted in accordance with the terms of the Plan, or any other property (including cash) granted pursuant to the provisions of the Plan.

(e) "**Awardee**" means an Employee, Director or Consultant who has been granted an Award under the Plan.

(f) "**Award Agreement**" means a Stock Award Agreement, Option Agreement, Stock Appreciation Right Agreement, or Other Stock-Based Award Agreement, which may be in written or electronic format, in such form and with such terms as may be specified by the Administrator, evidencing the terms and conditions of an individual Award. Each Award Agreement is subject to the terms and conditions of the Plan. The effectiveness of an Award shall not be subject to the Award Agreement's being signed by the Company and/or the Participant receiving the Award unless specifically so provided in the Award Agreement.

(g) "**Board**" means the Board of Directors of the Company.

---

(h) **“Change of Control”** shall mean, except as otherwise provided in an Award Agreement, one of the following shall have taken place after the date of this Plan:

(i) any “person” (as such term is used in Sections 13(d) or 14(d) of the Exchange Act) (other than the Company, any majority controlled subsidiary of the Company, or the fiduciaries of any Company benefit plans) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 30% or more of the total voting power of the voting securities of the Company then outstanding and entitled to vote generally in the election of directors of the Company; provided, however, that no Change of Control shall occur upon the acquisition of securities directly from the Company;

(ii) individuals who, as of the beginning of any 24 month period, constitute the Board (as of the date hereof, the **“Incumbent Board”**) cease for any reason during such 24 month period to constitute at least a majority of the Board, provided that any individual becoming a Director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company; or

(iii) consummation of (A) a merger, consolidation or reorganization of the Company, in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the voting securities of the Company immediately prior to such merger, consolidation or reorganization do not, following such merger, consolidation or reorganization, beneficially own, directly or indirectly, at least 65% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the entity or entities resulting from such merger, consolidation or reorganization, (B) a complete liquidation or dissolution of the Company, or (C) a sale or other disposition of all or substantially all of the assets of the Company, unless at least 65% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the entity or entities that acquire such assets are beneficially owned by individuals or entities who or that were beneficial owners of the voting securities of the Company immediately before such sale or other disposition.

Notwithstanding the foregoing, if any payment or distribution event applicable to an Award is subject to the requirements of Section 409A(a)(2)(A) of the Code, the determination of the occurrence of a Change of Control shall be governed by applicable provisions of Section 409A(a)(2)(A) of the Code and regulations and rulings issued thereunder for purposes of determining whether such payment or distribution may then occur.

(i) **“Code”** means the United States Internal Revenue Code of 1986, as amended, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

(j) **“Committee”** means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan or, in the absence of any such special appointment, the Compensation Committee of the Board.

(k) **“Common Shares”** means the common shares, \$0.001 par value, of the Company, or any security of the Company issued in substitution, exchange or lieu thereof.

(l) **“Company”** means Monopar Therapeutics Inc., a Delaware corporation, or, except as utilized in the definition of Change of Control, its successor.

(m) **“Consultant”** means an individual providing services to the Company or any of its Affiliates as an independent contractor, and includes prospective consultants who have accepted offers of consultancy for the Company or any of its Affiliates, so long as such person (i) renders bona fide services that are not in connection with the offer and sale of the Company’s securities in a capital-raising transaction, (ii) does not directly or indirectly promote or maintain a market for the Company’s securities, and (iii) otherwise qualifies as a consultant under the applicable rules of the SEC for registration of shares of stock on a Form S-8 registration statement

---

(n) **“Conversion Award”** has the meaning set forth in Section 4(b)(xii) of the Plan.

(o) **“Director”** means a member of the Board. Any Director who does not serve as an employee of the Company is referred to herein as a **“Non-employee Director.”**

(p) **“Disability”** means (i) “Disability” as defined in any employment, consulting or similar agreement to which the Participant is a party, or (ii) if there is no such agreement or it does not define “Disability,” (A) permanent and total disability as determined under the Company’s long-term disability plan applicable to the Participant, or (B) if there is no such plan applicable to the Participant or the Committee determines otherwise in an applicable Award Agreement, “Disability” shall mean the Participant’s continuous illness, injury or incapacity for a period of six consecutive months, as determined by the Administrator in its discretion. Notwithstanding the above, with respect to an Incentive Stock Option, Disability shall mean permanent and total disability as defined in Section 22(e)(3) of the Code and, with respect to any Award that constitutes “nonqualified deferred compensation” within the meaning of Section 409A of the Code, the foregoing definition shall apply for purposes of vesting of such Award, provided that such Award shall not be settled until the earliest of: (x) the Participant’s “disability” within the meaning of Section 409A of the Code, (y) the Participant’s “separation from service” within the meaning of Section 409A of the Code and (z) the date such Award would otherwise be settled pursuant to the terms of the Award Agreement.

(q) **“Disaffiliation”** means a Subsidiary’s or Affiliate’s ceasing to be a Subsidiary or Affiliate for any reason (including, without limitation, as a result of a public offering, or a spin-off or sale by the Company, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Company and its Affiliates.

(r) **“Employee”** means a regular, active employee of the Company or any Affiliate, including an Officer or Director who is also a regular, active employee of the Company or any Affiliate. The Administrator shall determine whether the Chairman of the Board qualifies as an “Employee.” For any and all purposes under the Plan, the term “Employee” shall not include a person hired as an independent contractor, leased employee, consultant or a person otherwise designated by the Administrator, the Company or an Affiliate at the time of hire as not eligible to participate in or receive benefits under the Plan or not on the payroll, even if such ineligible person is subsequently determined to be a common law employee of the Company or an Affiliate or otherwise an employee by any governmental or judicial authority. Unless otherwise determined by the Administrator in its sole discretion, for purposes of the Plan, an Employee shall be considered to have terminated employment and to have ceased to be an Employee if his or her employer ceases to be an Affiliate, even if he or she continues to be employed by such employer.

(s) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended, and any successor thereto.

(t) **“Fair Market Value”** means a valuation performed by a qualified independent appraiser within the previous twelve months, taking into consideration all available information.

(u) **“Grant Date”** means, with respect to each Award, the date upon which the Award is granted to an Awardee pursuant to this Plan, which may be a designated future date as of which such Award will be effective, as determined by the Committee.

(v) **“Incentive Stock Option”** means an Option that is identified in the Option Agreement as intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder, and that actually does so qualify.

(w) **“Nonqualified Stock Option”** means an Option that is not an Incentive Stock Option.

---

(x) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(y) “**Option**” means a right granted under Section 8 of the Plan to purchase a number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in the agreement or other documents evidencing the Award (the “**Option Agreement**”). Both Incentive Stock Options and Nonqualified Stock Options may be granted under the Plan.

(z) “**Other Stock-Based Award**” means an Award granted pursuant to Section 12 of the Plan on such terms and conditions as are specified in the agreement or other documents evidencing the Award (the “**Other Stock-Based Award Agreement**”).

(aa) “**Participant**” means the Awardee or any person (including any estate) to whom an Award has been assigned or transferred as permitted hereunder.

(bb) “**Plan**” means this 2016 Stock Incentive Plan, as set forth herein and as hereafter amended from time to time.

(cc) “**Qualifying Performance Criteria**” shall have the meaning set forth in Section 13(b) of the Plan.

(dd) “**Retirement**” means, unless the Administrator determines otherwise, Termination of Employment, voluntary or involuntary, by a Participant from the Company and its Affiliates, other than a Termination for Cause, after attaining age fifty-five (55) and having at least five (5) years of service with the Company and its Affiliates, excluding service with an Affiliate of the Company prior to the time that such Affiliate became an Affiliate of the Company. For Plan purposes, a “voluntary” Termination of Employment is a Termination of Employment where the Participant does not qualify for severance benefits, whether under a severance agreement or the Company’s or any of its Affiliate’s severance policy, plan or other arrangement.

(ee) “**Securities Act**” means the United States Securities Act of 1933, as amended.

(ff) “**Share**” means a Common Share, as adjusted in accordance with Section 15 of the Plan.

(gg) “**Stock Appreciation Right**” means a right granted under Section 10 of the Plan on such terms and conditions as are specified in the agreement or other documents evidencing the Award (the “**Stock Appreciation Right Agreement**”).

(hh) “**Stock Award**” means an award or issuance of Shares or Stock Units made under Section 11 of the Plan, the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including, without limitation, continued employment or performance conditions) and terms as are expressed in the agreement or other documents evidencing the Award (the “**Stock Award Agreement**”).

(ii) “**Stock Unit**” means a bookkeeping entry representing an amount equivalent to the Fair Market Value of one Share, payable in cash, property or Shares. Stock Units represent an unfunded and unsecured obligation of the Company, except as otherwise provided for by the Administrator.

(jj) “**Subsidiary**” means any company (other than the Company) in an unbroken chain of companies beginning with the Company, provided each company in the unbroken chain (other than the Company) owns, at the time of determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

(kk) “**Termination for Cause**” means, unless otherwise provided in an Award Agreement, Termination of Employment on account of any act of fraud or intentional misrepresentation or embezzlement, misappropriation or conversion of assets of the Company or any Affiliate, or the intentional and repeated violation of the written policies or procedures of the Company, provided that, for an Employee who is party to an individual severance or employment agreement defining Cause, “Cause” shall have the meaning set forth in such agreement except as may be otherwise provided in such agreement. For purposes of this Plan, a Participant’s Termination of Employment shall be deemed to be a Termination for Cause if, after the Participant’s employment has terminated, facts and circumstances are discovered that would have justified, in the opinion of the Committee, a Termination for Cause.

---

(11) “**Termination of Employment**” means for purposes of this Plan, unless otherwise determined by the Administrator, ceasing to be an Employee (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or one of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee in the terms of an Award Agreement or otherwise, if a Participant’s employment with the Company and its Affiliates terminates but such Participant continues to provide services to the Company and its Affiliates in a Non-employee Director capacity, such change in status shall be deemed a Termination of Employment. A Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Company and its Affiliates shall be deemed to incur a Termination of Employment if, as a result of a Disaffiliation, such Subsidiary, Affiliate, or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an Employee of (or service provider for), or member of the board of directors of, the Company or another Subsidiary or Affiliate. Temporary absences from employment because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates shall not be considered Terminations of Employment. In addition, Termination of Employment shall mean a “separation from service” as defined in regulations issued under Code Section 409A whenever necessary to ensure compliance therewith for any payment or settlement of a benefit conferred under this Plan that is subject to such Code section, and, for such purposes, shall be determined based upon a reduction in the bona fide level of services performed to a level equal to twenty percent (20%) or less of the average level of services performed by the Employee during the immediately preceding 36-month period. For the purposes of this Plan, Termination of Employment shall also mean the termination of a Consultant’s services to the Company and the termination of a Director’s position as a member of the Board of Directors of the Company.

### **3. Stock Subject to the Plan.**

(a) *Aggregate Limit.* Subject to the provisions of Section 15(a) of the Plan, the maximum aggregate number of Shares which may be subject to Awards granted under the Plan is 3,100,000 Shares, less one Share for every one Share that was subject to an option or stock appreciation right granted under any prior plan, and one share for every one Share that was subject to an award other than an option or stock appreciation right granted under any prior plan. Any Shares that are subject to Options or Stock Appreciation Rights shall be counted against this limit as one Share for every one Share granted, and any Shares that are subject to Awards other than Options or Stock Appreciation Rights shall be counted against this limit as one Share for every one Share granted. After the Effective Date of the Plan (as provided in Section 6), no awards may be granted under any prior plan. Shares subject to or delivered under Conversion Awards shall not reduce the aggregate number of Shares which may be subject to or delivered under Awards granted under this Plan. The Shares issued under the Plan may be either Shares reacquired by the Company, including Shares purchased in the open market, or authorized but unissued Shares.

Notwithstanding any other provision of this Plan, the Company has no prior plans.

(b) *Code Section 422 Limits.* Subject to the provisions of Section 15(a) of the Plan, the aggregate number of Shares that may be subject to all Incentive Stock Options granted under the Plan shall not exceed 100% of shares subject to the provision of 3(a) of the Plan.

(c) *Limit on Awards to Directors.* Notwithstanding any other provision of the Plan to the contrary, the aggregate Grant Date Fair Market Value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted to any Non-employee Director during any single calendar year (excluding Awards made at the election of the Non-employee Director in lieu of all or a portion of annual and committee cash retainers) shall not exceed one million dollars (\$1,000,000.00).

---

(d) *Share Counting Rules.*

(i) For purposes of this Section 3 of the Plan, Shares subject to Awards that have been canceled, expired, settled in cash, or forfeited for any reason (in whole or in part) shall not reduce the aggregate number of Shares which may be subject to Awards granted under this Plan and shall be available for future Awards granted under this Plan in accordance with Section 3(d)(iii). In addition, if any Shares subject to an award under any prior plan are canceled, expired, settled in cash, or forfeited for any reason (in whole or in part) after December 31, 2015, then such Shares subject to an award under any prior plan shall, to the extent of such cancellation, expiration, settlement in cash, or forfeiture, again be available for grant under this Plan in accordance with Section 3(d)(iii). Notwithstanding the foregoing, Shares added back under the provisions of this subsection (d) shall not be counted when determining the limit on Shares that may be granted as Incentive Stock Options under subsection (b), above.

(ii) Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under paragraph (i) of this Section: (a) Shares tendered by the Participant or withheld by the Company in payment of the purchase price of an Option or, after December 31, 2015, an option under any prior plan, (b) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to Options or Stock Appreciation Rights or, after December 31, 2015, options or stock appreciation rights under any prior plan, (c) Shares subject to a Stock Appreciation Right or, after December 31, 2015, a stock appreciation right under any prior plan, that are not issued in connection with its stock settlement on exercise thereof, and (d) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options or, after December 31, 2015, options under any prior plan. Shares subject to Awards that have been retained by the Company in payment or satisfaction of the tax withholding obligation of an Awardee, other than for an Option or Stock Appreciation Right as described above, and Shares that have been delivered (either actually or constructively by attestation) to the Company in payment or satisfaction of the tax withholding obligation of an Awardee, other than for an Option or Stock Appreciation Right as described above, shall again be available for grant under the Plan. Similarly, if any Shares subject to an award under any prior plan are, after December 31, 2015, either retained by the Company in payment or satisfaction of the tax withholding obligation of an awardee, other than for an option or a stock appreciation right as described above, or if Shares are delivered (either actually or constructively by attestation) to the Company in payment or satisfaction of the tax withholding obligation of an awardee under a prior plan, other than for an option or stock appreciation right, as described above, then such Shares subject to an award under any prior plan shall, to the extent of such tendering or withholding, again be available for grant under this Plan.

(iii) Any Shares that again become available for grant pursuant to this Section shall be added back as (i) one Share for every one Share subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under any prior plan, and (ii) as one Share for every one Share subject to Awards other than Options or Stock Appreciation Rights granted under the Plan or awards other than options or stock appreciation rights granted under any prior plan.

(iv) Conversion Awards shall not reduce the Shares authorized for grant under the Plan or the limitations on Awards to a Participant under subsection (b), above, nor shall Shares subject to a Conversion Award again be available for an Award under the Plan as provided in this subsection (d).

#### **4. Administration of the Plan.**

(a) *Procedure.*

(i) *Multiple Administrative Bodies.* The Plan shall be administered by the Board, a Committee designated by the Board to so administer this Plan and/or their respective delegates.

(ii) *Rule 16b-3.* To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3 promulgated under the Exchange Act (“**Rule 16b-3**”), Awards to Officers and Directors shall be made by the entire Board or a Committee of two or more “non-employee directors” within the meaning of Rule 16b-3.

---

(iii) *Other Administration.* To the extent required by the rules of the principal U.S. national securities exchange on which the Shares are traded, the members of the Committee shall also qualify as “independent directors” as set forth in such rules. Except to the extent prohibited by Applicable Law, the Board or a Committee may delegate to a Committee of one or more Directors or to authorized officers of the Company the power to approve Awards to persons eligible to receive Awards under the Plan who are not subject to Section 16 of the Exchange Act.

(iv) *Awards to Directors.* The Board shall have the power and authority to grant Awards to Non-employee Directors, including the authority to determine the number and type of awards to be granted; determine the terms and conditions, not inconsistent with the terms of this Plan, of any award; and to take any other actions the Board considers appropriate in connection with the administration of the Plan.

(v) *Delegation of Authority for the Day-to-Day Administration of the Plan.* Except to the extent prohibited by Applicable Law, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) *Powers of the Administrator.* Subject to the provisions of the Plan and, in the case of a Committee or delegates acting as the Administrator, subject to the specific duties delegated to such Committee or delegates, the Administrator shall have the authority, in its discretion:

(i) to select the Non-employee Directors, Consultants and Employees of the Company or its Affiliates to whom Awards are to be granted hereunder;

(ii) to determine the number of Common Shares to be covered by each Award granted hereunder;

(iii) to determine the type of Award to be granted to the selected Employees and Non-employee Directors;

(iv) to approve forms of Award Agreements;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise and/or purchase price, the time or times when an Award may be exercised (which may or may not be based on performance criteria), the vesting schedule, any vesting and/or exercisability provisions, terms regarding acceleration of Awards or waiver of forfeiture restrictions, the acceptable forms of consideration for payment for an Award, the term, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine and may be established at the time an Award is granted or thereafter;

(vi) to correct administrative errors;

(vii) to construe and interpret the terms of the Plan (including sub-plans and Plan addenda) and Awards granted pursuant to the Plan;

(viii) to adopt rules and procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized (A) to adopt rules and procedures regarding the conversion of local currency, the shift of tax liability from employer to employee (where legally permitted) and withholding procedures and handling of stock certificates which vary with local requirements, and (B) to adopt sub-plans and Plan addenda as the Administrator deems desirable, to accommodate foreign laws, regulations and practice;

---



(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans and Plan addenda;

(x) to modify or amend each Award, including, but not limited to, the acceleration of vesting and/or exercisability, provided, however, that any such modification or amendment (A) is subject to the plan amendment provisions set forth in Section 16 of the Plan, and (B) may not materially impair any outstanding Award unless agreed to in writing by the Participant, except that such agreement shall not be required if the Administrator determines in its sole discretion that such modification or amendment either (Y) is required or advisable in order for the Company, the Plan or the Award to satisfy any Applicable Law or to meet the requirements of any accounting standard, or (Z) is not reasonably likely to significantly diminish the benefits provided under such Award, or that adequate compensation has been provided for any such diminishment, except following a Change of Control;

(xi) to allow or require Participants to satisfy withholding tax amounts by electing to have the Company withhold from the Shares to be issued upon exercise of a Nonqualified Stock Option or vesting of a Stock Award that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined in such manner and on such date that the Administrator shall determine or, in the absence of provision otherwise, on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may provide;

(xii) to authorize conversion or substitution under the Plan of any or all stock options, stock appreciation rights or other stock awards held by awardees of an entity acquired by the Company (the “**Conversion Awards**”). Any conversion or substitution shall be effective as of the close of the merger or acquisition. The Conversion Awards may be Nonqualified Stock Options or Incentive Stock Options, as determined by the Administrator, with respect to options granted by the acquired entity;

(xiii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xiv) to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resale by a Participant or of other subsequent transfers by the Participant of any Shares issued as a result of or under an Award or upon the exercise of an Award, including, without limitation, (A) restrictions under an insider trading policy, (B) restrictions as to the use of a specified brokerage firm for such resale or other transfers, and (C) institution of “blackout” periods on exercises of Awards;

(xv) to provide, either at the time an Award is granted or by subsequent action, that an Award shall contain as a term thereof, a right, either in tandem with the other rights under the Award or as an alternative thereto, of the Participant to receive, without payment to the Company, a number of Shares, cash or a combination thereof, the amount of which is determined by reference to the value of the Award; and

(xvi) to make all other determinations deemed necessary or advisable for administering the Plan and any Award granted hereunder.

(c) *Effect of Administrator’s Decision.* All questions arising under the Plan or under any Award shall be decided by the Administrator in its total and absolute discretion. All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, shall be final and binding on all Participants. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations, including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

---

(d) *Indemnity.* To the extent allowable under Applicable Law, each member of the Committee or of the Board and any person to whom the Board or Committee has delegated any of its authority under the Plan shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan, and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Articles of Incorporation or By-laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

#### **5. Eligibility.**

Awards may be granted only to Non-employee directors, Employees and Consultants of the Company or any of its Affiliates; provided, however, that Incentive Stock Options may be granted only to Employees of the Company and its Subsidiaries (within the meaning of Section 424(f) of the Code).

#### **6. Term of Plan.**

The Plan shall become effective upon its approval by shareholders of the Company. It shall continue in effect for a term of ten (10) years from the date the Plan is approved by the shareholders of the Company (the "**Effective Date**") unless terminated earlier under Section 16 of the Plan.

#### **7. Term of Award.**

Subject to the provisions of the Plan, the term of each Award shall be determined by the Administrator and stated in the Award Agreement, and may extend beyond the termination of the Plan. In the case of an Option or a Stock Appreciation Right, the term shall be ten (10) years from the Grant Date or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the term of Awards other than Awards that are structured to qualify as Incentive Stock Options under Section 9 shall be extended automatically if the Award would expire at a time when trading in Common Shares is prohibited by law or the Company's insider trading policy to the 30th day after the expiration of the prohibition.

#### **8. Options.**

The Administrator may grant an Option or provide for the grant of an Option, either from time to time in the discretion of the Administrator or automatically upon the occurrence of specified events, including, without limitation, the achievement of performance goals.

(a) *Option Agreement.* Each Option Agreement shall contain provisions regarding (i) the number of Shares that may be issued upon exercise of the Option, (ii) the type of Option, (iii) the exercise price of the Option and the means of payment of such exercise price, (iv) the term of the Option, (v) such terms and conditions regarding the vesting and/or exercisability of an Option as may be determined from time to time by the Administrator, (vi) restrictions on the transfer of the Option and forfeiture provisions, and (vii) such further terms and conditions, in each case not inconsistent with this Plan, as may be determined from time to time by the Administrator.

(b) *Exercise Price.* The per share exercise price for the Shares to be issued upon exercise of an Option shall be determined by the Administrator, except that the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the Grant Date, except with respect to Conversion Awards.

(c) *No Option Repricings.* Subject to Section 15 of the Plan, the exercise price of an Option may not be reduced without shareholder approval, nor may outstanding Options be cancelled in exchange for cash, other Awards or Options with an exercise price that is less than the exercise price of the original Option without shareholder approval.

---

(d) *No Reload Grants.* Options shall not be granted under the Plan in consideration for and shall not be conditioned upon the delivery of Shares to the Company in payment of the exercise price and/or tax withholding obligation under any other employee stock option.

(e) *Vesting Period and Exercise Dates.* Options granted under this Plan shall vest and/or be exercisable at such time and in such installments during the period prior to the expiration of the Option's term as determined by the Administrator and as specified in the Option Agreement. The Administrator shall have the right to make the timing of the ability to exercise any Option granted under this Plan subject to continued active employment (or retention in the case of a consultant or Director), the passage of time and/or such performance requirements as deemed appropriate by the Administrator. At any time after the grant of an Option, the Administrator may reduce or eliminate any restrictions surrounding any Participant's right to exercise all or part of the Option.

(f) *Form of Consideration.* The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment, either through the terms of the Option Agreement or at the time of exercise of an Option. Acceptable forms of consideration may include:

(i) cash;

(ii) check or wire transfer (denominated in U.S. Dollars);

(iii) subject to any conditions or limitations established by the Administrator, other Shares which were held for a period of more than six (6) months on the date of surrender and which have a Fair Market Value on the date of surrender equal to or greater than the aggregate exercise price of the Shares as to which said Option shall be exercised (it being agreed that the excess of the Fair Market Value over the aggregate exercise price, if any, shall be refunded to the Awardee in cash);

(iv) subject to any conditions or limitations established by the Administrator, the Company withholding Shares otherwise issuable upon exercise of an Option;

(v) consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Administrator and in compliance with Applicable Law;

(vi) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Law; or

(vii) any combination of the foregoing methods of payment.

(g) *Procedure for Exercise; Rights as a Shareholder.*

(i) Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the applicable Option Agreement.

(ii) An Option shall be deemed exercised when (A) the Company receives (1) written or electronic notice of exercise (in accordance with the Option Agreement or procedures established by the Administrator) from the person entitled to exercise the Option and (2) full payment for the Shares with respect to which the related Option is exercised, and (B) with respect to Nonqualified Stock Options, provisions acceptable to the Administrator have been made for payment of all applicable withholding taxes.

---

(iii) Unless provided otherwise by the Administrator or pursuant to this Plan, until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option.

(iv) The Company shall issue (or cause to be issued) such Shares as soon as administratively practicable after the Option is exercised. An Option may not be exercised for a fraction of a Share.

(h) *Termination of Employment, Consultancy or Board Membership.*

(i) The Administrator shall determine as of the Grant Date (subject to modification subsequent to the Grant Date) the effect a Termination of Employment due to (A) Disability, (B) Retirement, (C) death, or (D) otherwise (including Termination for Cause) shall have on any Option.

(ii) Unless otherwise provided in the Award Agreement:

(A) Upon termination from membership on the Board by a Non-employee Director for reasons other than Retirement as set forth in subparagraph (D) below, any Option held by such Director that (1) has not vested and is not exercisable as of the effective date of such termination from membership on the Board shall be subject to immediate cancellation and forfeiture or (2) is vested and exercisable as of the effective date of such termination shall remain exercisable for five (5) years thereafter, or the remaining term of the Option, if less;

(B) Upon Termination of Employment, excluding termination from membership on the Board by a Non-employee Director, due to death or Disability, any Option held by such Employee that is vested and exercisable as of the effective date of such Termination of Employment shall remain exercisable for one year after such Termination of Employment due to death or Disability or the remaining term of the Option, if less;

(C) Upon Termination of Employment, excluding termination from membership on the Board by a Non-employee Director, due to death or Disability, any Option held by such Employee that is not yet vested shall vest in full as of the date of death or Disability, and any such vested Options shall remain exercisable for one year after such Termination of Employment due to death or Disability or the remaining term of the Option, if less;

(D) Upon Termination of Employment due to Retirement, (1) any Option held by such Awardee shall, to the extent not already vested, become ratably vested (rounded up or down to the nearest whole Share) based upon the full months of the applicable vesting period elapsed as of the end of the month in which the Termination of Employment due to Retirement occurs over the total number of months in such period; provided, however, that, in the case of a Retirement due to a voluntary Termination of Employment, the terms of this Section 8(h)(ii)(D)(1) shall not apply with respect to any Option granted less than six (6) months prior to the effective date of such Termination of Employment; and (2) any Option held by an Awardee at Retirement, to the extent vested and exercisable as of the effective date of such Retirement (including, without limitation, any Options that have ratably vested pursuant to the preceding clause (1)), will remain outstanding for the lesser of five (5) years or the remaining term of the Option; and

(E) Any other Termination of Employment, termination from membership on the Board by a Non-employee Director, shall result in immediate cancellation and forfeiture of all outstanding Options that have not vested as of the effective date of such Termination of Employment, and any vested and exercisable Options held at the time of such Termination of Employment shall remain exercisable for ninety (90) days thereafter, or the remaining term of the Option, if less. Notwithstanding the foregoing, all outstanding and unexercised Options shall be immediately cancelled in the event of a Termination for Cause.

---

## 9. Incentive Stock Option Limitations/Terms.

(a) *Eligibility.* Only employees (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or any of its Subsidiaries may be granted Incentive Stock Options. No Incentive Stock Option shall be granted to any such employee who as of the Grant Date owns stock possessing more than 10% of the total combined voting power of the Company, except in compliance with Section 422 of the Code regarding 10 – percent shareholders.

(b) *\$100,000 Limitation.* Notwithstanding the designation “Incentive Stock Option” in an Option Agreement, if and to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Awardee during any calendar year (under all plans of the Company and any of its Subsidiaries) exceeds U.S. \$100,000, such Options shall be treated as Nonqualified Stock Options. For purposes of this Section 9(b) of the Plan, Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Grant Date.

(c) *Transferability.* The Option Agreement must provide that an Incentive Stock Option is not transferable by the Awardee otherwise than by will or the laws of descent and distribution, and, during the lifetime of such Awardee, must not be exercisable by any other person. If the terms of an Incentive Stock Option are amended to permit transferability, the Option will be treated for tax purposes as a Nonqualified Stock Option.

(d) *Exercise Price.* The per Share exercise price of an Incentive Stock Option shall in no event be inconsistent with the requirements for qualification of the Incentive Stock Option under Section 422 of the Code.

(e) *Other Terms.* Option Agreements evidencing Incentive Stock Options shall contain such other terms and conditions as may be necessary to qualify, to the extent determined desirable by the Administrator, with the applicable provisions of Section 422 of the Code. If any such terms and conditions, as of the Grant Date or any later date, do not so comply, the Option will be treated thereafter for tax purposes as a Nonqualified Stock Option.

## 10. Stock Appreciation Rights.

A “Stock Appreciation Right” is a right that entitles the Awardee to receive, in cash or Shares (as determined by the Administrator), value equal to or otherwise based on the excess of (i) the Fair Market Value of a specified number of Shares at the time of exercise over (ii) the aggregate exercise price of the right, as established by the Administrator on the Grant Date. Stock Appreciation Rights may be granted to Awardees either alone (“freestanding”) or in addition to or in tandem with other Awards granted under the Plan and may, but need not, relate to a specific Option granted under Section 8 of the Plan. Any Stock Appreciation Right granted in tandem with an Option may be granted at the same time such Option is granted or at any time thereafter before exercise or expiration of such Option, and shall be based on the Fair Market Value of one Share on the Grant Date or, if applicable, on the Grant Date of the Option with respect to a Stock Appreciation Right granted in exchange for or in tandem with, but subsequent to, the Option (subject to the requirements of Section 409A of the Code). All Stock Appreciation Rights under the Plan, other than Conversion Awards, shall be granted subject to the same terms and conditions applicable to Options as set forth in Section 8 of the Plan. Subject to the provisions of Section 8 of the Plan, the Administrator may impose such other conditions or restrictions on any Stock Appreciation Right as it shall deem appropriate.

## 11. Stock Awards.

(a) *Stock Award Agreement.* Each Stock Award Agreement shall contain provisions regarding (i) the number of Shares subject to such Stock Award or a formula for determining such number, (ii) the purchase price of the Shares, if any, and the means of payment for the Shares, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (iv) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares as may be determined from time to time by the Administrator, (v) restrictions on the transferability of the Stock Award, and (vi) such further terms and conditions, in each case not inconsistent with this Plan, as may be determined from time to time by the Administrator. The Committee may, in its sole discretion, waive the vesting restrictions and any other conditions set forth in any Award Agreement under such terms and conditions as the Committee shall deem appropriate.

---

(b) *Restrictions and Performance Criteria.* The grant, issuance, retention and/or vesting of Stock Awards issued to Employees may be subject to such performance criteria and level of achievement versus these criteria as the Administrator shall determine, which criteria may be based on financial performance, personal performance evaluations and/or completion of service by the Awardee. A Performance Stock Award shall be established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing not later than ninety (90) days after the commencement of the period of service (or, if earlier, the elapse of 25% of such period) to which the performance goals relate or otherwise within the time period required by the Code or the applicable Treasury Regulations, provided that the outcome is substantially uncertain at that time. Stock Awards for which vesting is not based on the attainment of performance criteria are referred to as “**Restricted Stock Awards.**”

(c) *Termination of Employment or Board Membership.*

(i) The Administrator shall determine as of the Grant Date (subject to modification subsequent to the Grant Date) the effect a Termination of Employment due to (A) Disability, (B) Retirement (C) death, or (D) otherwise (including Termination for Cause) shall have on any Stock Award.

(ii) Unless otherwise provided in the Award Agreement:

(A) A Termination of Employment due to Disability or death shall result in immediate full vesting of any as yet unvested Stock Award, and in the case of a Stock Award that vests upon the achievement of performance goals, the vested amount shall be based upon the target award amount;

(B) A Termination of Employment due to Retirement shall result in vesting of a prorated portion of any Stock Award (rounded up or down to the nearest whole Share), based upon the full months of the applicable performance period, vesting period or other period of restriction elapsed as of the end of the month in which the Termination of Employment due to Retirement occurs over the total number of months in such period; provided, however, that, in the case of a Retirement due to voluntary Termination of Employment, the terms of this Section 11(c)(ii)(B) shall not apply with respect to any Stock Award granted less than six (6) months prior to the effective date of such Termination of Employment; and

(C) Any other Termination of Employment shall result in immediate cancellation and forfeiture of all outstanding, unvested Stock Awards.

If clause (B) of this Section 11(c)(ii) applies to a Stock Award under which vesting is based on the attainment of performance criteria over a performance period, the ratable vesting percentage determined by the portion of the performance period during which the Awardee was an Employee of the Company or an Affiliate shall be applied to determine the portion of the Stock Award that is vested based upon actual performance results after the completion of the performance period.

(d) *Rights as a Shareholder.* Unless otherwise provided for by the Administrator, the Participant shall have the rights equivalent to those of a shareholder and shall be a shareholder only after Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) to the Participant.

---

## 12. Other Stock-Based Awards.

(a) *Other Stock-Based Awards.* An "Other Stock-Based Award" means any other type of equity-based or equity-related Award not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares), as well as any cash bonus based on the attainment of Qualifying Performance Criteria as described in Section 13(b), in such amount and subject to such terms and conditions as the Administrator shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares or pursuant to attainment of a performance goal. Each Other Stock-Based Award will be evidenced by an Award Agreement containing such terms and conditions as may be determined by the Administrator.

(b) *Value of Other Stock-Based Awards.* Each Other Stock-Based Award shall be expressed in terms of Shares or units based on Shares or a target amount of cash, as determined by the Administrator. The Administrator may establish performance goals in its discretion. If the Administrator exercises its discretion to establish performance goals, the number and/or value of Other Stock-Based Awards that will be paid out to the Participant will depend on the extent to which the performance goals are met.

(c) *Payment of Other Stock-Based Awards.* Payment, if any, with respect to Other Stock-Based Awards shall be made in accordance with the terms of the Award, in cash or Shares or a combination thereof, as the Administrator determines.

(d) *Termination of Employment, Consultancy, or Board Membership.*

(i) The Administrator shall determine as of the Grant Date (subject to modification subsequent to the Grant Date) the effect a Termination of Employment due to (A) Disability, (B) Retirement, (C) death, or (D) otherwise (including Termination for Cause) shall have on any Other Stock-Based Award.

(ii) Unless otherwise provided in the Award Agreement:

(A) A Termination of Employment due to Disability or death shall result in immediate full vesting of any as yet unvested Other Stock-Based Award, and in the case of an Other Stock-Based Award which vests on the basis of attainment of a performance goal, the vested amount shall be based upon the target award amount;

(B) A Termination of Employment due to Retirement shall result in vesting of a prorated portion of any Other Stock-Based Award (rounded up or down to the nearest whole Share or unit based on Shares, as applicable), based upon the full months of the applicable performance period, vesting period or other period of restriction elapsed as of the end of the month in which the Termination of Employment due to Retirement occurs over the total number of months in such period; provided, however, that, in the case of a Retirement due to voluntary Termination of Employment, the terms of this Section 12(d)(ii)(B) shall not apply with respect to any Other Stock-Based Award granted less than six (6) months prior to the effective date of such Termination of Employment; and

(C) Any other Termination of Employment shall result in immediate cancellation and forfeiture of all outstanding, unvested Other Stock-Based Awards.

If clause (B) of this Section 12(d)(ii) applies to an Other Stock-Based Award under which vesting is based on the attainment of performance criteria over a performance period, the ratable vesting percentage determined by the portion of the performance period during which the Awardee was an Employee of the Company or an Affiliate shall be applied to determine the portion of the Other Stock-Based Award that is vested based upon actual performance results after the completion of the performance period.

---

### 13. Other Provisions Applicable to Awards.

(a) *Non-Transferability of Awards.* Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by beneficiary designation, will or by the laws of descent or distribution, including but not limited to any attempted assignment or transfer in connection with the settlement of marital property or other rights incident to a divorce or dissolution, and any such attempted sale, assignment or transfer shall be of no effect prior to the date an Award is vested and settled. The Administrator may only make an Award transferable to an Awardee's family member or any other person or entity provided the Awardee does not receive consideration for such transfer. If the Administrator makes an Award transferable, either as of the Grant Date or thereafter, such Award shall contain such additional terms and conditions as the Administrator deems appropriate, and any transferee shall be deemed to be bound by such terms upon acceptance of such transfer.

(b) *Qualifying Performance Criteria.* For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, on a basis consistent with U.S. Generally Accepted Accounting Principles ("GAAP") or on a non-GAAP or adjusted GAAP basis, applied to either the Company as a whole or to a Subsidiary, business unit, Affiliate or business segment, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award or by duly adopted resolution: (i) sales or cash return on sales; (ii) cash flow or free cash flow or net cash from operating activity; (iii) earnings (including gross margin, earnings before or after interest and taxes, earnings before taxes, and net earnings); (iv) basic or diluted earnings per share; (v) growth in earnings or earnings per share; (vi) stock price; (vii) return on equity or average shareholders' equity; (viii) total shareholder return; (ix) return on capital; (x) return on assets or net assets; (xi) return on investments; (xii) revenue or gross profits; (xiii) income before or after interest, taxes, depreciation and amortization, or net income; (xiv) pretax income before allocation of corporate overhead and bonus; (xv) operating income or net operating income; (xvi) operating profit or net operating profit (whether before or after taxes); (xvii) operating margin; (xviii) return on operating revenue; (xix) working capital or net working capital; (xx) market share; (xxi) asset velocity index; (xxii) contract awards or backlog; (xxiii) overhead or other expense or cost reduction; (xxiv) growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index; (xxv) credit rating; (xxvi) strategic plan development and implementation; (xxvii) improvement in workforce diversity; (xxviii) customer satisfaction; (xxvix) employee satisfaction; (xxx) management succession plan development and implementation; and (xxxi) employee or customer retention. Extraordinary, non-recurring items that may be the basis of adjustment include acquisitions or divestitures, restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, the cumulative effects of tax or accounting changes in accordance with U.S. GAAP, and foreign exchange gains or losses.

(c) *Six Month Holding Period for Purposes of Rule 16b-3.* If the Company is subject to the reporting requirements of Section 13 of the Exchange Act, the Plan Administrator shall ensure that transactions between the Company and an Officer or Director under this Plan are exempt from Section 16(b) of the Exchange Act pursuant to one of the exemptions available under 17 C.F.R. 240.16b-3. If the Administrator determines that the exemption pursuant to 17 C.F.R. 240.16b-3(d)(3) is to be used, then (i) shares purchased upon exercise of an Option or another derivative security (as defined in Exchange Act Rule 16a-1(c)) issued under this Plan by an Officer or Director may not be sold before at least six months have elapsed from the date the Option or other derivative security was granted; and (ii) any other equity securities of the Company acquired by an Officer or Director under this Plan other than as described in subparagraph (i) above may not be sold before at least six months have elapsed from the date they equity security was acquired.

---



#### 14. Dividends and Dividend Equivalents.

Awards other than Options and Stock Appreciation Rights may provide the Awardee with the right to receive dividend payments or dividend equivalent payments on the Shares subject to the Award, whether or not such Award is vested. Notwithstanding the foregoing, dividends or dividend equivalents shall not be paid with respect to Stock Awards or Other Stock-Based Awards that, in either case, vest based on the achievement of performance goals prior to the date the performance goals are satisfied and the Award is earned, and then shall be payable only with respect to the number of Shares or Stock Units actually earned under the Award. Such payments may be made in cash, Shares or Stock Units or may be credited as cash or Stock Units to an Awardee's account and later settled in cash or Shares or a combination thereof, as determined by the Administrator. Such payments and credits may be subject to such conditions and contingencies as the Administrator may establish.

#### 15. Adjustments upon Changes in Capitalization, Organic Change or Change of Control.

(a) *Adjustment Clause.* In the event of (i) a stock dividend, extraordinary cash dividend, stock split, reverse stock split, share combination, or recapitalization or similar event affecting the capital structure of the Company (each, a "**Share Change**"), or (ii) a merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, liquidation, Disaffiliation, or similar event affecting the Company or any of its Subsidiaries (each, an "**Organic Change**"), the Administrator or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to (i) the Share limitations set forth in Section 3 of the Plan, (ii) the number and kind of Shares covered by each outstanding Award, and (iii) the price per Share subject to each such outstanding Award. In the case of Organic Changes, such adjustments may include, without limitation, (x) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Administrator or the Board in its sole discretion (it being understood that in the case of an Organic Change with respect to which shareholders receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Administrator that the value of an Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Organic Change over the exercise price of such Option or Stock Appreciation Right shall conclusively be deemed valid); (y) the substitution of other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the Shares subject to outstanding Awards; and (z) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Company securities). The Committee may adjust in its sole discretion the Qualifying Performance Criteria applicable to any Awards to reflect any Share Change and any Organic Change and any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations, and the cumulative effects of accounting or tax changes, each as defined by GAAP or as identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis or the Company's other SEC filings. Any adjustment under this Section 15(a) need not be the same for all Participants.

(b) *Change of Control.* In the event of a Change of Control, unless otherwise determined by the Administrator as of the Grant Date of a particular Award (or subsequent to the Grant Date), the following acceleration, exercisability and valuation provisions shall apply:

(i) On the date that such Change of Control occurs, any or all Options and Stock Appreciation Rights awarded under this Plan not previously exercisable and vested shall become fully exercisable and vested.

(ii) Except as may be provided in an individual severance or employment agreement (or severance plan) to which an Awardee is a party, in the event of an Awardee's Termination of Employment within two (2) years after a Change of Control for any reason other than because of the Awardee's death, Retirement, Disability or Termination for Cause, each Option and Stock Appreciation Right held by the Awardee (or a transferee) that is vested shall remain exercisable until the earlier of the third (3<sup>rd</sup>) anniversary of such Termination of Employment (or any later date until which it would remain exercisable under such circumstances by its terms) or the expiration of its original term. In the event of an Awardee's Termination of Employment more than two (2) years after a Change of Control, or within two (2) years after a Change of Control because of the Awardee's death, Retirement, Disability or Termination for Cause, the provisions of Sections 8(h) and 10 of the Plan shall govern (as applicable).

---

(iii) On the date that such Change of Control occurs, the restrictions and conditions applicable to any or all Stock Awards and Other Stock-Based Awards shall lapse and such Awards shall be fully vested. Unless otherwise provided in an Award at the Grant Date, upon the occurrence of a Change of Control, any performance based Award shall be deemed fully earned at the target amount as of the date on which the Change of Control occurs. All Stock Awards, Other Stock-Based Awards and cash Awards shall be settled or paid within thirty (30) days of vesting hereunder. Notwithstanding the foregoing, if the Change of Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, the Awardee shall be entitled to receive the payment of cash or settlement of Shares under the Award, as applicable, from the Company on the date that would have applied absent this provision.

(iv) The Administrator, in its discretion, may determine that, upon the occurrence of a Change of Control of the Company, each Option and Stock Appreciation Right outstanding shall terminate within a specified number of days after notice to the Participant, and/or that each Participant shall receive, with respect to each Share subject to such Option or Stock Appreciation Right, an amount equal to the excess of the Fair Market Value of such Share immediately prior to the occurrence of such Change of Control over the exercise price per Share of such Option and/or Stock Appreciation Right; such amount to be payable in cash, in one or more kinds of stock or property (including the stock or property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its discretion, shall determine, and if there is no excess value, the Committee may, in its discretion, cancel such Awards.

(c) *Section 409A.* Notwithstanding the foregoing: (i) any adjustments made pursuant to Section 15(a) of the Plan to Awards that are considered “deferred compensation” within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; (ii) any adjustments made pursuant to Section 15(a) of the Plan to Awards that are not considered “deferred compensation” subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either continue not to be subject to Section 409A of the Code or comply with the requirements of Section 409A of the Code; (iii) the Administrator shall not have the authority to make any adjustments pursuant to Section 15(a) of the Plan to the extent that the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code to be subject thereto; and (iv) if any Award is subject to Section 409A of the Code, Section 15(b) of the Plan shall be applicable only to the extent specifically provided in the Award Agreement and permitted pursuant to Section 24 of the Plan in order to ensure that such Award complies with Code Section 409A.

#### **16. Amendment and Termination of the Plan.**

(a) *Amendment and Termination.* The Board may amend, alter or discontinue the Plan or any Award Agreement, but any such amendment shall be subject to approval of the shareholders of the Company in the manner and to the extent required by Applicable Law. In addition, without limiting the foregoing, unless approved by the shareholders of the Company and subject to Section 16(b), no such amendment shall be made that would:

- (i) increase the maximum aggregate number of Shares which may be subject to Awards granted under the Plan;
  - (ii) reduce the minimum exercise price for Options or Stock Appreciation Rights granted under the Plan; or
  - (iii) reduce the exercise price of outstanding Options or Stock Appreciation Rights, as prohibited by Section 8(c) without shareholder approval.
-

(b) *Effect of Amendment or Termination.* No amendment, suspension or termination of the Plan shall materially impair the rights of any Participant with respect to an outstanding Award, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company, except that no such agreement shall be required if the Administrator determines in its sole discretion that such amendment either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any Applicable Law or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated, except that this exception shall not apply following a Change of Control. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(c) *Effect of the Plan on Other Arrangements.* Neither the adoption of the Plan by the Board or a Committee nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or any Committee to adopt such other incentive arrangements as it or they may deem desirable, including without limitation, the granting of restricted shares or restricted share units or stock options otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

#### **17. Designation of Beneficiary.**

(a) An Awardee may file a written designation of a beneficiary who is to receive the Awardee's rights pursuant to Awardee's Award or the Awardee may include his or her Awards in an omnibus beneficiary designation for all benefits under the Plan. To the extent that Awardee has completed a designation of beneficiary while employed with the Company, such beneficiary designation shall remain in effect with respect to any Award hereunder until changed by the Awardee to the extent enforceable under Applicable Law.

(b) Such designation of beneficiary may be changed by the Awardee at any time by written notice. In the event of the death of an Awardee and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Awardee's death, the Company shall allow the legal representative of the Awardee's estate to exercise the Award.

#### **18. No Right to Awards or to Employment.**

No person shall have any claim or right to be granted an Award and the grant of any Award shall not be construed as giving an Awardee the right to continue in the employ of the Company or its Affiliates. Further, the Company and its Affiliates expressly reserve the right, at any time, to dismiss any Employee or Awardee at any time without liability or any claim under the Plan, except as provided herein or in any Award Agreement entered into hereunder.

#### **19. Legal Compliance.**

Shares shall not be issued pursuant to an Option, Stock Appreciation Right, Stock Award or Other Stock-Based Award unless such Option, Stock Appreciation Right, Stock Award or Other Stock-Based Award and the issuance and delivery of such Shares shall comply with Applicable Law, specifically including without limitation all applicable federal and state securities laws and regulations, and shall be further subject to the approval of counsel for the Company with respect to such compliance. Unless the Awards and Shares covered by this Plan have been registered under the Securities Act or the Company has determined that such registration is unnecessary, each person receiving an Award and/or Shares pursuant to any Award may be required by the Company (a) to give a representation in writing that such person is acquiring such Shares for his or her own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof, and (b) to make such additional representations, warranties, and agreements with respect to the investment intent of such person or persons as the Company may request.

All certificates for Shares or certificates, agreements, or other documents evidencing securities delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any securities law, and the Company may cause a legend or legends to be put on any such certificates, agreements or other documents to make appropriate reference to such restrictions.

---

In the case of the exercise of an Option by a person or estate acquiring the right to exercise such Option by bequest or inheritance, the Administrator may require reasonable evidence as to the ownership of such Option and may require such consents and releases of taxing authorities as the Administrator deems advisable.

**20. Inability to Obtain Authority.**

To the extent the Company is unable to or the Administrator deems it unfeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be advisable or necessary to the lawful issuance and sale of any Shares hereunder, the Company shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

**21. Reservation of Shares.**

The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

**22. Notice.**

Any written notice to the Company required by any provisions of this Plan shall be addressed to the Secretary of the Company and shall be effective when received. Any notice to a Participant hereunder shall be addressed to the last address of record with the Company and shall be effective when sent via first class mail, courier service, or electronic mail to such last address of record.

**23. Governing Law; Interpretation of Plan and Awards.**

(a) This Plan and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws, but not the choice of law rules, of the state of Delaware, except as to matters governed by U.S. federal law.

(b) In the event that any provision of the Plan or any Award granted under the Plan is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the terms of the Plan and/or Award shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(c) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Plan, nor shall they affect its meaning, construction or effect.

(d) The terms of the Plan and any Award shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

**24. Section 409A.**

It is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A of the Code, unless and to the extent that the Administrator specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Administrator determines will be subject to Section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change of Control, shall be set forth in the applicable Award Agreement, deferral election forms and procedures, and rules established by the Administrator, and shall comply in all respects with Section 409A of the Code. The following rules will apply to Awards intended to be subject to Section 409A of the Code ("**409A Awards**"):

(a) If a Participant is permitted to elect to defer an Award (or any payment under an Award, such election will be permitted only at times in compliance with Code Section 409A.

---

(b) The Company shall have no authority to accelerate distributions relating to 409A Awards in excess of the authority permitted under Section 409A.

(c) Any distribution of a 409A Award following a Termination of Employment that would be subject to Code Section 409A(a)(2)(A)(i) as a distribution following a separation from service of a "specified employee" as defined under Code Section 409A(a)(2)(B)(i), shall occur no earlier than the expiration of the six-month period following such Termination of Employment.

(d) In the case of any distribution of a 409A Award, if the timing of such distribution is not otherwise specified in the Plan or an Award Agreement or other governing document, the distribution shall be made not later than the end of the calendar year during which the settlement of the 409A Award is specified to occur.

(e) In the case of an Award providing for distribution or settlement upon vesting or the lapse of a risk of forfeiture, if the time of such distribution or settlement is not otherwise specified in the Plan or an Award Agreement or other governing document, the distribution or settlement shall be made not later than March 15 of the year following the year in which the Award vested or the risk of forfeiture lapsed.

(f) Notwithstanding anything herein to the contrary, in no event shall the Company or the Administrator be liable for the payment of, or any gross up payment in connection with, any taxes or penalties owed by the Participant pursuant to Code Section 409A.

#### **25. Limitation on Liability.**

The Company and any Affiliate which is in existence or hereafter comes into existence shall not be liable to a Participant, an Employee, an Awardee or any other persons as to:

(a) *The Non-Issuance of Shares.* The non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and

(b) *Tax or Exchange Control Consequences.* Any tax consequence or any exchange control obligation owed, by any Participant, Employee, Awardee or other person due to the receipt, exercise or settlement of any Option or other Award granted hereunder.

#### **26. Unfunded Plan.**

Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Awardees who are granted Stock Awards or Other Stock-Based Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation. Neither the Company nor the Administrator shall be deemed to be a trustee of stock or cash to be awarded under the Plan. Any liability of the Company to any Participant with respect to an Award shall be based solely upon any contractual obligations which may be created by the Plan; no such obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Administrator shall be required to give any security or bond for the performance of any obligation which may be created by this Plan.

---

## **27. Foreign Employees.**

Awards may be granted hereunder to Employees and Consultants who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Administrator may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such legal or regulatory provisions.

## **28. Tax Withholding.**

Each Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to any Award under the Plan no later than the date as of which any amount under such Award first becomes includible in the gross income of the Participant for any tax purposes with respect to which the Company has a tax withholding obligation. Unless otherwise determined by the Company, withholding obligations may be settled with Shares, including Shares that are part of the Award that gives rise to the withholding requirement; provided, however, that not more than the legally required minimum withholding may be settled with Shares that are part of the Award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any vested Shares or any other payment due to the participant at that time or at any future time. The Administrator may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Shares.

## **29. Cancellation of Award; Forfeiture of Gain.**

Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that the Award will be cancelled and the Participant will forfeit the Shares or cash received or payable on the vesting or exercise of the Award, and that the amount of any proceeds of the sale or gain realized on the vesting or exercise of the Award must be repaid to the Company, under such conditions as may be required by Applicable Law or established by the Committee in its sole discretion.

## **30. Data Privacy and Transfer**

As a condition of acceptance of an Award, the Participant explicitly thereby consents to the collection, use and transfer, in electronic or other form, of personal data by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company and its Affiliates hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security or other identification number, salary, nationality, job title, Shares held in the Company or any Subsidiary, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, managing and administering the Plan (the "**Data**"). The Participant further understands that the Company and its Affiliates may transfer the Data among themselves as necessary for the purpose of implementation, management and administration of the Plan, and that the Company and its Affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, management, and administration of the Plan. The Participant understands that these recipients may be located in the Participant's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant, through participation in the Plan and acceptance of an Award under the Plan, authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares. In addition, by accepting an Award under the Plan, each Participant agrees and acknowledges (i) that the Data will be held only as long as is necessary to implement, manage, and administer the Plan; (ii) that the Participant may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data, or refuse or withdraw consent to the use and transfer of the Data, without cost, by delivering such revocation or withdrawal of consent in writing to a designated human resources representative; and (iii) that refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan thereafter.

---

This Amended Plan was adopted by the Board of Directors of the Company on April 27, 2021. This Amended Plan was approved by the stockholders of the Company on June 30, 2021.

MONOPAR THERAPEUTICS INC.

By: /s/ Kim R. Tsuchimoto

Name: Kim R. Tsuchimoto

Title: Chief Financial Officer

---

**MONOPAR THERAPEUTICS INC.  
2016 Stock Incentive Plan**

**INCENTIVE STOCK OPTION AGREEMENT**

THIS INCENTIVE STOCK OPTION AGREEMENT (this "Agreement") is made as of **[[grantdate]]** (the "Grant Date") between MONOPAR THERAPEUTICS INC. (the "Company") and **[[firstname]] [[lastname]]** (referred to herein as "Participant"). Terms used in this Agreement with initial capital letters without definitions are defined in the Monopar Therapeutics Inc. 2016 Stock Incentive Plan (the "Plan") and have the same meaning in this Agreement.

1. Option Shares. On the Grant Date, the Company hereby grants to Participant the option (the "Option") to purchase **[[sharesgranted]]** shares of the Company's common stock, par value \$0.001 per share (the "Shares"), pursuant and subject to the terms of the Plan, a copy of which has been delivered or made available to Participant and is incorporated herein by reference. The Option granted hereby is an Incentive Stock Option.

2. Exercise Price. The purchase price per Share upon exercise of the Option is **[[grantprice]]**.

3. Vesting. Subject to the terms of the Plan, the Option shall vest and be exercisable only during the period beginning at the Grant Date and ending 10 years after the Grant Date (the "Grant Expiration Date"). During such period, provided that Participant continues to be an Employee of the Company or a Subsidiary, the Option shall vest and become exercisable (i.e., Shares may be purchased) according to the following schedule:

Vesting Start Date: **[[vestingstartdate]]**

**[[allvestsegs]]**

The number of Shares, the exercise price thereof and the rights granted under this Agreement are subject to adjustment and modification as provided in the Plan. The total number of Shares referred to in this Section means, at any relevant time, the number of shares stated in Section 1 hereof as such number shall then have been adjusted pursuant to the Plan. Notwithstanding the foregoing, in the event of a Change of Control prior to Participant's Termination of Employment, the Option becomes fully vested and exercisable.

4. Termination of Employment.

(a) In General. If Participant's Termination of Employment occurs for a reason other than Participant's death, Disability or Retirement:

(i) In cases other than a Change of Control, any portion of the Option that has not vested as of the date of Termination of Employment will automatically be canceled and forfeited and Participant shall not be entitled to any further rights in respect thereof; and

---



(ii) Participant will have 90 days from the date of Termination of Employment or until the Grant Expiration Date, whichever period is shorter, to exercise any portion of the Option that is vested and exercisable as of the date of Termination of Employment.

Notwithstanding the above, if the Termination of Employment is a Termination for Cause, as determined by the Administrator, any outstanding and unexercised portion of the Option shall be immediately canceled as of the date of the Termination of Employment.

(b) Death or Disability. If Participant's Termination of Employment occurs due to Participant's death or Disability:

(i) any unvested portion of the Option shall vest in full as of the date of Participant's death or Disability;

(ii) if Participant's Termination of Employment occurs due to Participant's Disability, the Option (including any portion that vested pursuant to subsection (b)(i)) may be exercised after the date of the Termination of Employment by the Participant or by the legal representative of Participant's estate or by the legatee(s) of Participant under Participant's will for a period of one year after such Termination of Employment or until the Grant Expiration Date, whichever period is shorter; and

(iii) if Participant's Termination of Employment occurs due to Participant's death, the Option (including any portion that vested pursuant to subsection (b)(i)) may be exercised after the date of the Termination of Employment by the legal representative of Participant's estate or by the legatee(s) of Participant under Participant's will until the Grant Expiration Date.

(c) Retirement. If Participant's Termination of Employment occurs due to Participant's Retirement:

(i) any portion of the Option that has not vested as of the date of Termination of Employment will become ratably vested (rounded up or down to the nearest whole Share) based upon the full months of the total vesting period elapsed from the Grant Date to the end of the month in which the Termination of Employment due to Retirement occurs over the total number of months in such period; provided, however, that, in the case of a Retirement due to a voluntary Termination of Employment, the terms of this subsection (c)(i) shall not apply with respect to any Option granted less than six months prior to the effective date of such Termination of Employment; and

(ii) the Option, to the extent vested and exercisable as of the date of Termination of Employment (including any portion of the Option that is ratably vested pursuant to subsection (c)(i)), shall remain exercisable for five years after the date of the Termination of Employment or until the Grant Expiration Date, whichever period is shorter; provided, however, that any exercise beyond 90 days after Participant's Termination of Employment is deemed to be the exercise of a Nonqualified Stock Option.

5. Method of Exercise and Payment of Price.

(a) Method of Exercise. At any time when all or a portion of the Option is exercisable under the Plan and this Agreement, some or all of the exercisable portion of the Option may be exercised from time to time by written notice to the Company in the form attached as Exhibit A hereto, or such other method of exercise as may be specified by the Company, including without limitation, exercise by electronic means on the website of the Company's third-party equity plan administrator if any, which will:

(i) state the number of Shares with respect to which the Option is being exercised; and

(ii) if the Option is being exercised by anyone other than Participant, if not already provided, be accompanied by proof satisfactory to counsel for the Company of the right of such person or persons to exercise the Option under the Plan and all applicable laws and regulations.

(b) Payment of Price. The full exercise price for the portion of the Option being exercised shall be paid to the Company as provided below:

(i) in cash;

(ii) by check or wire transfer (denominated in U.S. Dollars);

(iii) subject to any conditions or limitations established by the Administrator, other Shares which:

(A) have been owned by Participant for more than six months on the date of surrender (unless this condition is waived by the Administrator); and

(B) have a Fair Market Value on the date of surrender equal to or greater than the aggregate exercise price of the Shares as to which said Option shall be exercised (it being agreed that the excess of the Fair Market Value over the aggregate exercise price shall be refunded to Participant in cash);

(iv) subject to any conditions or limitations established by the Administrator, by the Company's retention of the number of Shares otherwise issuable upon exercise of the Option at least equal to the exercise price (it being agreed that any excess of the Fair Market Value of the retained Shares over the aggregate exercise price shall be refunded to Participant in cash);

(v) consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Administrator; or

(vi) any combination of the foregoing methods of payment.

6. Transfer. Unless a transfer is approved by the Plan Administrator, which approval may be withheld at the Administrator's sole discretion (and which transfer could result in the option no longer qualifying as an incentive stock option), the Option shall be transferable only at Participant's death, by Participant's will or pursuant to the laws of descent and distribution. During Participant's lifetime, the Option may not be exercised by anyone other than Participant or, in the event of Participant's incapacity, Participant's legal representative. The terms of this Agreement shall be binding upon the executors, administrators, successors and assigns of Participant.

7. Restrictions on Exercise. The Option is subject to all restrictions in this Agreement and/or in the Plan. As a condition of any exercise of the Option, the Company may require Participant or his or her successor to make any representation and warranty to comply with any applicable law or regulation or to confirm any factual matters reasonably requested by the Company.

8. Notice of Disqualifying Disposition of Shares. If Participant sells or otherwise disposes of any of the Options (pursuant to Section 6), or any of the Shares acquired pursuant to the Option on or before the later of (i) the date two years after the Grant Date, and (ii) the date one year after transfer of such Shares to Participant upon exercise of the Option, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that Participant shall be subject to applicable income tax withholding by the Company on the compensation income recognized by Participant from the early disposition payment in cash or out of the current wages or other compensation payable to Participant.

9. Privileges of Stock Ownership. Participant shall not have any of the rights of a shareholder with respect to any of the Shares (e.g., the rights to vote and receive dividends) until the Shares are issued to Participant following the exercise of all or part of the Option.

10. Right of Set-Off. By accepting this Option, Participant consents to a deduction from, and set-off against, any amounts owed to Participant by the Company or any Subsidiary from time to time (including, but not limited to, amounts owed to Participant as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Company or Subsidiary under this Agreement.

11. Holding Period Requirement. If Participant is classified as an "officer" of the Company within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, on the Grant Date, then, as a condition to receipt of the Option, Participant hereby agrees to hold his or her After-Tax Net Profit in Shares until the sixth month anniversary of the exercise of all or a portion of the Option (or, if earlier, the date of Participant's Termination of Employment). "After-Tax Net Profit" means the total dollar value of the Shares that Participant elects to exercise under this Option at the time of exercise, minus the total of (i) the exercise price to purchase these Shares, and (ii) the amount of all applicable federal, state, local or foreign income, employment or other tax and other similar fees that are withheld in connection with the exercise.

12. Governing Law/Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard to principles of conflicts of law, except to the extent superseded by the laws of the United States of America. The parties agree and acknowledge that the laws of the State of Delaware bear a substantial relationship to the parties and/or this Agreement and that the Option and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Delaware. In addition, all legal actions or proceedings relating to this Agreement shall be brought exclusively in state or federal courts located in the State of Delaware and the parties executing this Agreement hereby consent to the personal jurisdiction of such courts. In the event that it becomes necessary for the Company to institute legal proceedings under this Agreement, Participant shall be responsible to the Company for all costs and reasonable legal fees incurred by the Company with regard to such proceedings. Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such provision, without invalidating or rendering unenforceable the remaining provisions of this Agreement.

13. Interpretation and Administration. The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Administrator. The parties agree to be bound by the decisions of the Administrator with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Administrator may delegate its functions under this Agreement to an officer of the Company designated by the Administrator (hereinafter the "designee"). In fulfilling its responsibilities hereunder, the Administrator or its designee may rely upon documents, written statements of the parties or such other material as the Administrator or its designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Administrator or its designee and that any decision of the Administrator or its designee relating to this Agreement shall be final and binding unless such decision is arbitrary and capricious.

14. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Option grant hereunder and participation in the Plan or future Options that may be granted under the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of option grants and the execution of option agreements through electronic signature.

15. Notices. All notices requests, consents and other communications required or provided hereunder shall be in writing and, if to the Company, shall be delivered or mailed to its principal office, and, if to Participant, shall be delivered either personally or mailed to the address of Participant appearing on the books and records of the Company.

16. Prompt Acceptance of Agreement. The Option grant evidenced by this Agreement shall, at the discretion of the Administrator, be forfeited if this Agreement is not manually executed and returned to the Company, or electronically executed by Participant by indicating Participant's acceptance of this Agreement in accordance with the acceptance procedures set forth on the Company's third-party equity plan administrator's website, within 90 days of the Grant Date.

17. Entire Agreement. This Agreement, together with the Plan, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto. In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan shall control.

18. Amendment. This Agreement may not be modified, supplemented or otherwise amended other than pursuant to a written agreement between Company and Participant.

19. No Third-Party Beneficiary. This Agreement is made for the benefit of the Company and any Subsidiary employing Participant during the term hereof.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. Employment. This Agreement does not constitute a contract of employment or guarantee of employment of Participant for any length of time and nothing in the Plan or this Agreement confers upon Participant any right to continue in the employ of, or other relationship with, the Company or any Subsidiary, or limit or interfere in any way with the right of the Company or Subsidiary to terminate Participant's employment any time with or without Cause.

22. No Representations Regarding Tax Consequences. Participant acknowledges and agrees that the Company has made no warranties or representations to Participant with respect to the tax consequences (including, but not limited to, income tax consequences) related to the Option granted under this Agreement, and Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. Participant further acknowledges that there may be adverse tax consequences upon disposition of the Shares acquired pursuant to the exercise of the Option and that Participant has been advised that he or she should consult with his or her own attorney, accountant and/or tax advisor regarding the consequences thereof. Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for Participant.

23. Headings. Section and subsection headings contained in this Agreement are inserted for the convenience of reference only. Section and subsection headings shall not be deemed to be a part of this Agreement for any purpose, and they shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

MONOPAR THERAPEUTICS INC.

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

Name:

Title:

Attest:

\_\_\_\_\_

Name:

Title:

Accepted by:

**[[SIGNATURE]]**

Participant: **[[firstname]] [[lastname]]**

**[[SIGNATURE\_DATE]]**

**EXHIBIT A**  
**FORM OF**  
**NOTICE OF EXERCISE**

**MONOPAR THERAPEUTICS INC.**  
1000 Skokie Blvd., Suite 350  
Wilmette, IL 60091  
Attention: Chandler D. Robinson

Date of Exercise: \_\_\_\_\_

Chandler D. Robinson:

This constitutes notice under my stock option described below (the "*Option*") that I hereby exercise my option and elect to purchase the number of shares for the price set forth below.

Type of option (check one):      Incentive [  ]                      Nonstatutory [  ]

Stock option dated:                      \_\_\_\_\_

Number of shares as to  
which option is exercised:                      \_\_\_\_\_

Total exercise price:                      \$ \_\_\_\_\_

Cash payment delivered herewith: \$ \_\_\_\_\_

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Monopar Therapeutics Inc. 2016 Stock Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the shares of Common Stock issued upon exercise of this option that occurs within two (2) years after the date of grant of the Option or within one (1) year after such shares of Common Stock are issued upon exercise of this option.

I hereby make the following certifications and representations with respect to the shares of Common Stock of the Company listed above (the "*Shares*"), which are being acquired by me for my own account upon exercise of the Option as set forth above:

I acknowledge that I will not be able to resell the Shares for at least ninety days (90) after the stock of the Company becomes publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701, or for at least six months from the date the Option was granted, if I am an officer as defined in § 240.16a-1 of the Code of Federal Regulations or a Director of the Company, and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Certificate of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Shares or other securities of the Company held by me, for a period of time specified by the underwriter(s) (not to exceed one hundred eighty (180) days) following the effective date of the registration statement of the Company filed under the Securities Act. I further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to my Shares until the end of such period.

Very truly yours,

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

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

\*Must be signed by Option holder exactly as name appears on Option Agreement. If signed by a legal representative, executor, or other authorized individual, please set forth the individual's full title and submit proper evidence of such individual's authority to sign this Notice of Exercise.

**MONOPAR THERAPEUTICS INC.**  
**2016 Stock Incentive Plan**

**NONQUALIFIED STOCK OPTION AGREEMENT**

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made as of **[[grantdate]]** (the "Grant Date") between MONOPAR THERAPEUTICS INC. (the "Company") and **[[firstname]] [[lastname]]** (referred to herein as "Participant"). Terms used in this Agreement with initial capital letters without definitions are defined in the Monopar Therapeutics Inc. 2016 Stock Incentive Plan (the "Plan") and have the same meaning in this Agreement.

The Participant and the Company are entering into this Agreement with the understanding that the options granted hereunder are granted in full satisfaction of any and all prior oral and/or written commitments from the Company, either as Monopar Therapeutics LLC or Monopar Therapeutics Inc., to grant to Participant options to purchase shares of the Company.

1. Option Shares. On the Grant Date, the Company hereby grants to Participant the option (the "Option") to purchase up to **[[sharesgranted]]** shares of the Company's common stock, par value \$0.001 per share (the "Shares"), pursuant and subject to the terms of the Plan, a copy of which has been delivered or made available to Participant and is incorporated herein by reference. The Option granted hereby is a Nonqualified Stock Option.

2. Exercise Price. The purchase price per Share upon exercise of the Option is **[[grantprice]]**.

3. Vesting. Subject to the terms of the Plan, the Option shall vest and be exercisable only during the period beginning at the Grant Date and ending 10 years after the Grant Date (the "Grant Expiration Date"). During such period, provided that Participant continues to be a Director, Consultant or Employee of the Company or a Subsidiary, the Option shall vest and become exercisable (i.e., Shares may be purchased) according to the following schedule:

Vesting Start Date: **[[vestingstartdate]]**

**[[allvestsegs]]**

The number of Shares, the exercise price thereof and the rights granted under this Agreement are subject to adjustment and modification as provided in the Plan. The total number of Shares referred to in this Section means, at any relevant time, the number of shares stated in Section 1 hereof as such number shall then have been adjusted pursuant to the Plan. Notwithstanding the foregoing, in the event of a Change of Control prior to Participant's Termination of Directorship, Consultancy or Employment, the Option becomes fully vested and exercisable.

---



#### 4. Termination of Directorship, Consultancy or Employment

(a) in cases other than a Change of Control, any portion of the Option that has not vested as of the date of Termination of Directorship, Consultancy or Employment will automatically be canceled and forfeited and Participant shall not be entitled to any further rights in respect thereof; and

(b) Participant will have one (1) year from the date of Termination of Directorship, Consultancy or Employment or until the Grant Expiration Date, whichever period is shorter, to exercise any portion of the Option that is vested and exercisable as of the date of Termination of Directorship, Consultancy or Employment.

#### 5. Method of Exercise and Payment of Price

(a) Method of Exercise. At any time when all or a portion of the Option is exercisable under the Plan and this Agreement, some or all of the exercisable portion of the Option may be exercised from time to time by written notice to the Company in the form attached as Exhibit A hereto, or such other method of exercise as may be specified by the Company, including without limitation, exercise by electronic means on the website of the Company's third-party equity plan administrator, which will:

(i) state the number of Shares with respect to which the Option is being exercised; and

(ii) if the Option is being exercised by anyone other than Participant, if not already provided, be accompanied by proof satisfactory to counsel for the Company of the right of such person or persons to exercise the Option under the Plan and all applicable laws and regulations.

(b) Payment of Price. The full exercise price for the portion of the Option being exercised shall be paid to the Company as provided below:

(i) in cash;

(ii) by check or wire transfer (denominated in U.S. Dollars);

(iii) subject to any conditions or limitations established by the Administrator, other Shares which:

(A) have been owned by Participant for more than six months on the date of surrender (unless this condition is waived by the Administrator); and

(B) have a Fair Market Value on the date of surrender equal to or greater than the aggregate exercise price of the Shares as to which said Option shall be exercised (it being agreed that the excess of the Fair Market Value over the aggregate exercise price shall be refunded to Participant in cash);

(iv) subject to any conditions or limitations established by the Administrator, by the Company's retention of the number of Shares otherwise issuable upon exercise of the Option at least equal to the exercise price (it being agreed that any excess of the Fair Market Value of the retained Shares over the aggregate exercise price shall be refunded to Participant in cash);

(v) consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Administrator; or

(vi) any combination of the foregoing methods of payment.

6. Transfer. Unless a transfer is approved by the Plan Administrator, which approval may be withheld at the Administrator's sole discretion, the Option shall be transferable only at Participant's death, by Participant's will or pursuant to the laws of descent and distribution. During Participant's lifetime, the Option may not be exercised by anyone other than Participant or, in the event of Participant's incapacity, Participant's legal representative. The terms of this Agreement shall be binding upon the executors, administrators, successors and assigns of Participant.

7. Restrictions on Exercise. The Option is subject to all restrictions in this Agreement and/or in the Plan. As a condition of any exercise of the Option, the Company may require Participant or his or her successor to make any representation and warranty to comply with any applicable law or regulation or to confirm any factual matters reasonably requested by the Company.

8. Privileges of Stock Ownership. Participant shall not have any of the rights of a shareholder with respect to any of the Shares (e.g., the rights to vote and receive dividends) until the Shares are issued to Participant following the exercise of all or part of the Option.

9. Right of Set-Off. By accepting this Option, Participant consents to a deduction from, and set-off against, any amounts owed to Participant by the Company or any Subsidiary from time to time (including, but not limited to, amounts owed to Participant as Board or Committee meeting fees, stipends, etc.) to the extent of the amounts owed to the Company or Subsidiary under this Agreement.

10. Withholding Tax.

(a) Generally. Participant is liable and responsible for all taxes owed in connection with the exercise of the Option, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Option. The Company does not make any representation or undertaking regarding the tax treatment or the treatment of any tax withholding in connection with the exercise of the Option. The Company does not commit and is under no obligation to structure the Option or the exercise of the Option to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Concurrently with the payment of the exercise price pursuant to Section 5 hereof, Participant is required to arrange for the satisfaction of the minimum amount of any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation") in a manner acceptable to the Company. Any manner provided for in Section 5(b) hereof shall be deemed an acceptable manner to satisfy the Tax Withholding Obligation unless otherwise determined by the Company.

11. Holding Period Requirement. If the Company is subject to the reporting requirements of Section 13 of the Securities and Exchange Act of 1934, then Shares purchased upon exercise of an Option by an Eligible Person who is an officer (as defined in §240.16a-1 of the Code of Federal Regulations) or a director of the Company may not be sold before at least six months have elapsed from the date the Option was granted.

12. Governing Law/Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard to principles of conflicts of law, except to the extent superseded by the laws of the United States of America. The parties agree and acknowledge that the laws of the State of Delaware bear a substantial relationship to the parties and/or this Agreement and that the Option and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Delaware. In addition, all legal actions or proceedings relating to this Agreement shall be brought exclusively in state or federal courts located in the State of Delaware and the parties executing this Agreement hereby consent to the personal jurisdiction of such courts. In the event that it becomes necessary for the Company to institute legal proceedings under this Agreement, Participant shall be responsible to the Company for all costs and reasonable legal fees incurred by the Company with regard to such proceedings. Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such provision, without invalidating or rendering unenforceable the remaining provisions of this Agreement.

13. Interpretation and Administration. The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Administrator. The parties agree to be bound by the decisions of the Administrator with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Administrator may delegate its functions under this Agreement to an officer of the Company designated by the Administrator (hereinafter the "designee"). In fulfilling its responsibilities hereunder, the Administrator or its designee may rely upon documents, written statements of the parties or such other material as the Administrator or its designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Administrator or its designee and that any decision of the Administrator or its designee relating to this Agreement shall be final and binding unless such decision is arbitrary and capricious.

14. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Option grant hereunder and participation in the Plan or future Options that may be granted under the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of option grants and the execution of option agreements through electronic signature.

15. Notices. All notices requests, consents and other communications required or provided hereunder shall be in writing and, if to the Company, shall be delivered or mailed to its principal office, and, if to Participant, shall be delivered either personally or mailed to the address of Participant appearing on the books and records of the Company.

16. Prompt Acceptance of Agreement. The Option grant evidenced by this Agreement shall, at the discretion of the Administrator, be forfeited if this Agreement is not manually executed and returned to the Company, or electronically executed by Participant by indicating Participant's acceptance of this Agreement in accordance with the acceptance procedures set forth on the Company's third-party equity plan administrator's website, within 90 days of the Grant Date.

17. Entire Agreement. This Agreement, together with the Plan, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto. In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan shall control.

18. Amendment. This Agreement may not be modified, supplemented or otherwise amended other than pursuant to a written agreement between Company and Participant.

19. No Third-Party Beneficiary. This Agreement is made for the benefit of the Company and any Subsidiary of which Participant is a Director, Consultant or Employee during the term hereof.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. Directorship, Consultancy/At-Will Employment. This Agreement does not constitute a contract of employment or guarantee of employment of Participant for any length of time and nothing in the Plan or this Agreement confers upon Participant any right to continue as a Director, Consultant of, Employee of, or other relationship with, the Company or any Subsidiary, or limit or interfere in any way with the right of the Company or Subsidiary to terminate Participant's directorship, consultancy or employment any time with or without Cause.

22. No Representations Regarding Tax Consequences. Participant acknowledges and agrees that the Company has made no warranties or representations to Participant with respect to the tax consequences (including, but not limited to, income tax consequences) related to the Option granted under this Agreement, and Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. Participant further acknowledges that there may be adverse tax consequences upon disposition of the Shares acquired pursuant to the exercise of the Option and that Participant has been advised that he should consult with his own attorney, accountant and/or tax advisor regarding the consequences thereof. Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for Participant.

23. Headings. Section and subsection headings contained in this Agreement are inserted for the convenience of reference only. Section and subsection headings shall not be deemed to be a part of this Agreement for any purpose, and they shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

MONOPAR THERAPEUTICS INC.

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

Name:

Title:

Attest:

\_\_\_\_\_

Name:  
Title:

Accepted by:

**[[SIGNATURE]]**

Participant: **[[firstname]]** **[[lastname]]**

**[[SIGNATURE\_DATE]]**

Exhibit A  
**FORM OF**  
**NOTICE OF EXERCISE**

**MONOPARTHERAPEUTICS INC.**  
1000 Skokie Blvd., Ste 350  
Wilmette, IL 60091  
Attention: Chandler D. Robinson

Date of Exercise: \_\_\_\_\_

Chandler D. Robinson:

This constitutes notice under my stock option described below (the "*Option*") that I hereby exercise my option and elect to purchase the number of shares for the price set forth below.

Type of option (check one):      Incentive [ ]                      Nonstatutory [ ]

Stock option dated:                      \_\_\_\_\_

Number of shares as to  
which option is exercised:              \_\_\_\_\_

Total exercise price:                      \$ \_\_\_\_\_

Cash payment delivered herewith: \$ \_\_\_\_\_

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Monopar Therapeutics Inc. 2016 Stock Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the shares of Common Stock issued upon exercise of this option that occurs within two (2) years after the date of grant of the Option or within one (1) year after such shares of Common Stock are issued upon exercise of this option.

I hereby make the following certifications and representations with respect to the shares of Common Stock of the Company listed above (the "*Shares*"), which are being acquired by me for my own account upon exercise of the Option as set forth above:

I acknowledge that I will not be able to resell the Shares for at least ninety days (90) after the stock of the Company becomes publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701, or for at least six months from the date the Option was granted, if I am an officer as defined in § 240.16a-1 of the Code of Federal Regulations or a Director of the Company, and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Certificate of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Shares or other securities of the Company held by me, for a period of time specified by the underwriter(s) (not to exceed one hundred eighty (180) days) following the effective date of the registration statement of the Company filed under the Securities Act. I further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to my Shares until the end of such period.

Very truly yours,

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

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

\*Must be signed by Option holder exactly as name appears on Option Agreement. If signed by a legal representative, executor, or other authorized individual, please set forth the individual's full title and submit proper evidence of such individual's authority to sign this Notice of Exercise.

**MONOPAR THERAPEUTICS INC.  
2016 Stock Incentive Plan**

**RESTRICTED STOCK UNIT GRANT NOTICE**

Monopar Therapeutics Inc. (the “*Company*”) has awarded to Awardee the number of restricted stock units under its 2016 Stock Incentive Plan (the “*Plan*”) set forth below (the “*Award*”).

Awardee: **[[firstname]] [[lastname]]**  
 Date of Grant: [[grantdate]]  
 Grant ID: [[grantnumber]]  
 Number of Restricted Stock Units (“*RSUs*”): [[sharesgranted]]  
 Vesting Commencement Date: [[vestingstartdate]]  
 Vesting Schedule Subject to the Awardee’s Continuous Service through each applicable vesting date, the Award will vest as follows:  
 [[allvestsegs]]

**Awardee Acknowledgements:** By Awardee’s acceptance of this Award, Awardee understands and agrees that the Award is governed by this Restricted Stock Unit Grant Notice (this “*Grant Notice*”), and the provisions of the Plan and the attached RSU Terms and Conditions (the “*Terms*”), all of which are made a part of this document. The Grant Notice and the Terms are collectively referred to as the “*Award Agreement*” applicable to the Award. Awardee further acknowledges that the Award comprises the entire understanding between Awardee and the Company regarding the acquisition of stock in the Company and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to Awardee and common stock previously issued to Awardee.

Awardee further consents to receive Plan documents by electronic delivery and to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company.

**Monopar Therapeutics INC.**

**AWARDEE**

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

[[SIGNATURE]]  
\_\_\_\_\_ Signature

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

Date: **[[SIGNATURE DATE]]** \_\_\_\_\_

Date: \_\_\_\_\_

---



## RSU TERMS AND CONDITIONS

**1. GENERAL.** These RSU Terms and Conditions (these “*Terms*”) apply to a particular restricted stock unit award (the “*Award*”) granted by Monopar Therapeutics Inc. (the “*Company*”), and are incorporated by reference in the Restricted Stock Unit Grant Notice (the “*Grant Notice*”) corresponding to that particular grant. The recipient of the Award identified in the Grant Notice is sometimes referred to as “*Awardee*.” The effective date of grant of the Award as set forth in the Grant Notice is referred to as the “*Date of Grant*”. The Award has been granted to Awardee in addition to, and not in lieu of, any other form of compensation otherwise payable or to be paid to Awardee. The Grant Notice and these Terms are collectively referred to as the “*Award Agreement*” applicable to the Award. Capitalized terms are defined in the Plan if not defined in the Award Agreement.

**2. GRANT OF THE AWARD.** This Award represents Awardee’s right to be issued on a future date the number of shares of common stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to satisfaction of the vesting conditions set forth therein (the “*RSUs*”). Any additional RSUs that become subject to the Award pursuant to Share Change or Organic Change as set forth in the Plan, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other RSUs covered by the Award.

**3. DIVIDENDS.** Awardee will receive no benefit or adjustment to the Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Share Change or Organic Change as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of common stock that are delivered to Awardee in connection with the Award after such shares have been delivered.

**4. DATE OF ISSUANCE.** To the extent the Award is exempt from application of Section 409A of the Code and any state law of similar effect, the Company will deliver to Awardee a number of shares of common stock equal to the number of vested RSUs subject to the Award that relate to those vested RSUs on the applicable vesting date(s), or if such date is not a business day, such delivery date shall instead fall on the next following business day (the “*Original Distribution Date*”). Notwithstanding the foregoing, in the event that Awardee is prohibited from selling shares of Common Stock in the public market on the scheduled delivery date by the Company’s insider trading policy or otherwise, and the Company elects not to satisfy its tax withholding obligations by: (i) withholding shares from Awardee’s distribution, (ii) withholding from payroll or other amounts payable to Awardee, or (iii) permitting Awardee to provide for a cash payment of such amounts, then such shares shall not be delivered on such Original Distribution Date and shall instead be delivered on the first business day when Awardee is not prohibited from selling shares of Common Stock in the open market, but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the shares covered by the Award vest. Delivery of the shares in settlement of the Award is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. However, if and to the extent the Award is subject to a deferral election that complies with Section 409A of the Code, the provisions of the Plan and such deferral election will govern the timing of delivery of the shares in settlement of the Award in lieu of the provisions in this Award Agreement.

**5. TRANSFERABILITY.** Except as otherwise provided in the Plan, the RSU is not transferable, except by will or by the laws of descent and distribution.

## 6. RESPONSIBILITY FOR TAXES.

(a) By accepting the Award, Awardee agrees that the Company or an Affiliate may satisfy any applicable tax withholding obligations at its sole election as provided in Section 28 of the Plan. Further, if Awardee is subject to taxes in more than one jurisdiction, Awardee acknowledges that the Company and/or an Affiliate may be required to withhold or account for taxes in more than one jurisdiction.

(b) Neither the Company nor any Affiliates make any representations or undertakings regarding the treatment of any taxes in connection with any aspect of the Award, and are under no obligation to structure the Award to reduce or eliminate Awardee's liability for taxes or achieve any particular tax result. Awardee acknowledges that, regardless of any action the Company or any Affiliate takes with respect to any or all taxes, the ultimate liability for all taxes is and remains Awardee's responsibility and may exceed the amount actually withheld by the Company or an Affiliate. In the event that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, Awardee agrees to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount. Awardee further acknowledges and agrees not to make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates for taxes arising from the Award.

7. **NOTICES.** Any notice or request required or permitted in the plan or this Award Agreement (including any attachments) will be given in writing to each of the other parties hereto and will be deemed effectively given on the earlier of (i) the date of personal delivery, including delivery by express courier, or delivery via electronic means, or (ii) the date that is five (5) days after deposit in the United States Post Office (whether or not actually received by the addressee), by registered or certified mail with postage and fees prepaid, addressed to the Company at its primary executive offices, attention: Stock Plan Administrator, and addressed to Awardee at the address as on file with the Company at the time notice is given.

8. **GOVERNING PLAN DOCUMENT.** The Award is subject to all the provisions of the Plan. The Award is further subject to all interpretations, amendments, rules and regulations, which may be adopted from time to time, pursuant to the Plan. If there is any conflict between the provisions of the Award and those of the Plan, the provisions of the Plan will control.

9. **GOVERNING LAW.** The interpretation, performance and enforcement of this Award Agreement will be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules.

## CONSULTING AGREEMENT

This Consulting Agreement (herein referred to as “**Agreement**”) is made and entered into on December 24, 2020, effective as of January 1, 2021 (the **Effective Date**”), by and between Monopar Therapeutics, Inc. (herein referred to as “**Monopar**”), a Delaware corporation, located at 1000 Skokie Blvd., Suite 350, Wilmette, IL 60091, and pRx Consulting, LLC (herein referred to as pRx), a Delaware corporation located at # (each herein referred to as “**Party**” and collectively as “**Parties**”).

## RECITALS

WHEREAS, pRx specializes in the field of clinical development, including but not limited to: clinical trial design, statistical modeling, clinical operations, regulatory strategy, investor due diligence, and the duties of a Chief Medical Officer.

WHEREAS, Monopar desires to contract with pRx to provide certain consultation services as requested by Monopar, and pRx wishes to provide such services to Monopar, upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree as follows:

1. Consulting Arrangement. pRx agrees to perform consulting services as described herein upon the terms and conditions herein set forth.
2. Term of Agreement. Subject to the provision for early termination set forth below and in **Section 5** of this Agreement, this Agreement shall commence as of the Effective Date and shall continue for a period of twelve (12) months from the Effective Date (the “**Term**”). Either Party may terminate this Agreement without cause with 10-days’ prior written notice.
3. Duties of pRx.
  - 3.1 Specific Duties. pRx shall provide consulting services to Monopar, such duties to include the general duties of a Chief Medical Officer, clinical trial design, statistical modeling, clinical operations oversight, regulatory strategy, and investor due diligence, with such other specific requirements as Monopar may specify from time to time during the Term (herein referred to as the “**Services**”).
  - 3.2 pRx’s Obligations. The president of pRx, Dr. P. Rioux, shall spend on the average over the course of the Term one (1.0) work day per week working on Monopar matters, be diligent in the performance of Services, and be professional in its commitment to meeting its obligations hereunder. pRx represents and warrants that pRx is not party to any other existing agreement, which any of them would prevent pRx from entering into this Agreement or which would adversely affect this Agreement. pRx shall not perform Services for any other individuals or entities in direct competition with Monopar, except as provided for by mutual written agreement of the Parties. pRx shall not perform services for any party which would require or facilitate the unauthorized disclosure of any confidential or proprietary information of Monopar.

- 3.3 Reporting. pRx will report to and liaise with Andrew P. Mazar, Ph.D., Chandler Robinson, M.D., and/or any other assigned Monopar employee or consultant as may be designated in writing by Monopar.
- 3.4 Compensation. Monopar shall pay pRx as follows:
- a. Two thousand dollars (\$2,000) per month payable within thirty (30) days of the end of each month.
  - b. Upon Board approval, Dr. P. Rioux, president of pRx Consulting, LLC shall be granted stock options to purchase up to 10,000 shares of Monopar's common stock. The exercise price shall be based upon the closing price of our Common Stock on Nasdaq the later of:
    - (1) the day of Board approval; or (2) the effective date of this Agreement. Such stock option shall vest pro-rata monthly over 12 months from the effective date of this Agreement, which is January 1, 2021. Such vesting shall terminate upon the termination of this Agreement. The number of shares, the exercise price thereof and the rights granted under this Agreement are subject to adjustment and modification as provided in the Monopar Therapeutics Inc. 2016 Stock Incentive Plan.
  - c. pRx shall not be reimbursed, and is responsible for the facilities and equipment necessary to perform Services required under this Agreement.
4. Reimbursement of Other Expenses. So long as Monopar's prior approval has been obtained, Monopar shall promptly reimburse pRx for all direct expenses incurred in providing the Services to Monopar pursuant to this Agreement, including travel, meals and lodging. The invoice submitted by pRx pursuant to this **Section 4** shall also include a detail of all reimbursable expenses incurred during the period covered by such invoice.
5. Termination of Agreement - Failure to perform. In the event that pRx ceases to perform the Services or breaches its obligations as required hereunder for any reason, Monopar shall have the right to immediately terminate this Agreement upon notice to pRx and to enforce such other rights and remedies as it may have as a result of said breach.
6. Certain Liabilities. It is understood and agreed that pRx shall be acting as an independent contractor and not as an agent or employee of, or partner, joint venturer or in any other relationship with Monopar. pRx will be solely responsible for all insurance, employment taxes, FICA taxes and all obligations to governments or other organizations for it and its employees arising out of this consulting assignment. pRx acknowledges that no income, social security or other taxes shall be withheld or accrued by Monopar for pRx's or its employees' benefit. pRx assumes all risks and hazards encountered in the performance of duties by it or its employees under this Agreement. Unless Monopar has provided prior written approval, pRx shall not use any sub-contractors to perform pRx's obligations hereunder. pRx shall be solely responsible for any and all injuries, including death, to all persons and any and all loss or damage to property, which may result from performance under this Agreement.

7. Indemnities. pRx hereby agrees to indemnify Monopar and hold Monopar harmless from and against all claims (whether asserted by a person, firm, entity or governmental unit or otherwise), liabilities, losses, damages, expenses, charges and fees which Monopar may sustain or incur arising out of or attributable to any breach, gross negligence or willful misconduct by pRx or its employees or contractors, as applicable, in the performance under this Agreement. Monopar hereby agrees to indemnify pRx and hold pRx harmless from and against all liabilities, losses, damages, expenses, charges and fees which pRx may sustain or incur by reason of any claim which may be asserted against pRx by any person, firm, corporation or governmental unit and which may arise out of or be attributable to any gross negligence or willful misconduct by Monopar or its employees or contractors, as applicable, in the performance of this Agreement.
8. Warranties. The Services shall be performed in a professional manner, consistent with industry standards. In performing the Services, neither pRx nor any of its employees shall make any unauthorized use of any confidential or proprietary information of any other party or infringe the intellectual property rights of any other party.
9. Arbitration. Any controversy or claim between Monopar and pRx arising out of or relating to this Agreement, or the breach thereof, shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The site of the arbitration shall be Chicago, IL, and except as provided herein the arbitration shall be conducted in accordance with the Rules of the American Arbitration Association prevailing at the time the demand for arbitration is made hereunder. At least one member of the arbitration panel shall be an expert knowledgeable in the area of biopharmaceutical clinical development. Judgment upon any award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction and shall be binding and final. The cost of arbitration shall be borne by the losing Party, as determined by the arbitrator(s).
10. Confidential Information. pRx has executed a confidential disclosure agreement with Monopar on November 5, 2016. pRx hereby represents and warrants that the obligations thereunder shall be binding upon it and its employees, and that it shall obtain written commitments from such employees thereto.
11. Inventions. pRx agrees that all ideas, developments, suggestions and inventions which an employee or other parties contracted conceive or reduce to practice arising out of or during the course of performance under this Agreement shall be the exclusive property of Monopar and shall be promptly communicated and assigned to Monopar. pRx shall require any employees of or other parties contracted by pRx to disclose the same to pRx and to be bound by the provisions of this paragraph. During the period of this Agreement and thereafter at any reasonable time when called upon to do so by Monopar, pRx shall require any employees of or other parties contracted by pRx to execute patent applications, assignments to Monopar (or any designee of Monopar ) and other papers and to perform acts which Monopar believes necessary to secure to Monopar full protection and ownership of the rights in and to the services performed by pRx and/or for the preparation, filing and prosecution of applications for patents or inventions made by any employees of or other parties contracted by pRx hereunder. The decision to file patent applications on inventions made by any employees of or other parties contracted by pRx shall be made by Monopar and shall be for such countries as Monopar shall elect. Monopar agrees to bear all the expense in connection with the preparation, filing and prosecution of applications for patents and for all matters provided in this paragraph requiring the time and/or assistance of pRx as to such inventions.

12. Miscellaneous.

- 12.1 Notice. Any notices to be given hereunder by either Party to the other may be effectuated, in writing, by personal delivery or by mail, registered or certified, postage prepaid, with return receipt requested, or by electronic mail. Mailed notices shall be addressed to the Parties at the following addresses:

If to Monopar: Monopar Therapeutics Inc.  
1000 Skokie Blvd., Suite 350  
Wilmette, IL 60091  
Attention: Chandler Robinson, MD MBA MSc  
Email: #

If to pRx: pRx Consulting, LLC  
#  
ATTN: Patrice Rioux, MD, PhD  
Email #

or at such other addresses as either Monopar or pRx may designate by written notice to each other. Notices delivered personally shall be deemed duly given on the date of actual receipt; mailed notices shall be deemed duly given as of the fourth day after the date so mailed. If sent by electronic mail, such notice will be deemed given upon confirmation of receipt by recipient.

- 12.2 Waiver of Breach. The waiver by either Party to a breach of any provision in this Agreement cannot operate or be construed as a waiver of any subsequent breach by either Party.
- 12.3 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, that provision shall be deemed modified to the extent necessary to make it valid or enforceable, or if it cannot be so modified, then severed, and the remainder of the Agreement shall continue in full force and effect as if the Agreement had been signed with the invalid portion so modified or severed.

- 12.4 Choice of Law. This Agreement has been made and entered into in the State of Illinois, and the laws of such state, excluding its choice of law rules, shall govern the validity and interpretation of this Agreement and the performance due hereunder. The losing party in any dispute hereunder shall pay the attorneys' fees and disbursements of the prevailing party.
- 12.5 Integration. The drafting, execution and delivery of this Agreement by the Parties have been induced by no representations, statements, warranties or agreements other than those expressed herein. This Agreement embodies the entire understanding of the Parties, and there are no further or other agreements or understandings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to herein.
- 12.6 Modification. This Agreement may not be modified unless such is in writing and signed by both Parties to this Agreement.
- 12.7 Assignment. pRx shall not be permitted to assign this Agreement to any other person or entity without the prior written consent of Monopar. pRx hereby agrees that Monopar shall be permitted to assign this Agreement to any affiliate of Monopar. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.
- 12.8 Survival. The provisions of **Sections 7, 8, 9, 10, and 11** shall survive expiration or termination of this Agreement for any reason. Expiration or termination of this Agreement shall not affect Monopar's obligations to pay any amounts that may then be due to pRx.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

ACCEPTED AND AGREED TO:

PRx CONSULTING, LLC

MONOPAR THERAPEUTICS INC

/s/ Patrice Rioux

/s/ Chandler Robinson

Bv:Patrice Rioux MD,PHD

BY: CHANDLER ROBINSON

ITS: PRESIDENT

ITS: CHIEF EXECUTIVE OFFICER

## CONSULTING AGREEMENT

This Consulting Agreement (herein referred to as “**Agreement**”) is made and entered into on September 29, 2021, effective as of October 1, 2021 (the “**Effective Date**”), by and between Monopar Therapeutics, Inc. (herein referred to as “**Monopar**”), a Delaware corporation, located at 1000 Skokie Blvd., Suite 350, Wilmette, IL 60091, and pRx Consulting, LLC (herein referred to as pRx), a Delaware corporation located at # (each herein referred to as “**Party**” and collectively as “**Parties**”).

## RECITALS

WHEREAS, pRx’s President, Patrice Rioux, MD, currently represents Monopar as its director of Monopar’s French subsidiary, is trained and certified under the European Medicines Agency EudraVigilance system and previously was engaged to provide services as Monopar’s Acting Chief Medical Officer.

WHEREAS, Monopar has recently hired a full-time Chief Medical Officer and is no longer in need of Acting Chief Medical Officer services.

WHEREAS, Monopar desires to discontinue the Consulting Agreement entered into on December 24, 2020 with pRx and wishes to replace it with this Agreement in order to contract with pRx to perform a reasonable amount of medical monitoring services for Validive upon request, continue to be Monopar’s director of its French subsidiary, and take actions necessary to keep Monopar’s French subsidiary in compliance with local tax laws and regulations, upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree as follows:

1. Consulting Arrangement. pRx agrees to perform consulting services as described herein upon the terms and conditions herein set forth.
2. Term of Agreement. Subject to the provision for early termination set forth below and in **Section 5** of this Agreement, this Agreement shall commence as of the Effective Date and shall continue for a period of three (3) months from the Effective Date (the “**Term**”). Either Party may terminate this Agreement without cause with 10-days’ prior written notice.
3. Duties of pRx.
  - 3.1 Specific Duties. pRx shall provide consulting services to Monopar, such duties as described above in the Recitals with such other specific requirements as Monopar may specify from time to time during the Term (herein referred to as the “**Services**”).
  - 3.2 pRx’s Obligations. The president of pRx, Dr. P. Rioux, shall spend time on Monopar matters as needed or as requested, be diligent in the performance of Services, and be professional in its commitment to meeting its obligations hereunder. pRx represents and warrants that pRx is not party to any other existing agreement, which any of them would prevent pRx from entering into this Agreement or which would adversely affect this Agreement. pRx shall not perform Services for any other individuals or entities in direct competition with Monopar, except as provided for by mutual written agreement of the Parties. pRx shall not perform services for any party which would require or facilitate the unauthorized disclosure of any confidential or proprietary information of Monopar.



- 3.3 Reporting. pRx will report to and liaise with Andrew P. Mazar, Ph.D., Chandler Robinson, M.D., and/or any other assigned Monopar employee or consultant as may be designated in writing by Monopar.
- 3.4 Compensation. Monopar shall pay pRx as follows:
- a. Four thousand dollars (\$4,000) for the three months, payable within thirty (30) days of October 1, 2021.
  - b. With the execution of this agreement, Dr. Rioux's stock option granted on January 1, 2021, shall continue to vest in accordance with the stock option agreement.
  - c. pRx shall not be reimbursed, and is responsible for the facilities and equipment necessary to perform Services required under this Agreement.
4. Reimbursement of Other Expenses. So long as Monopar's prior approval has been obtained, Monopar shall promptly reimburse pRx for all direct expenses incurred in providing the Services to Monopar pursuant to this Agreement. The invoice submitted by pRx pursuant to this **Section 4** shall also include a detail of all reimbursable expenses incurred during the period covered by such invoice.
5. Termination of Agreement - Failure to perform. In the event that pRx ceases to perform the Services or breaches its obligations as required hereunder for any reason, Monopar shall have the right to immediately terminate this Agreement upon notice to pRx and to enforce such other rights and remedies as it may have as a result of said breach.
6. Certain Liabilities. It is understood and agreed that pRx shall be acting as an independent contractor and not as an agent or employee of, or partner, joint venturer or in any other relationship with Monopar. pRx will be solely responsible for all insurance, employment taxes, FICA taxes and all obligations to governments or other organizations for it and its employees arising out of this consulting assignment. pRx acknowledges that no income, social security or other taxes shall be withheld or accrued by Monopar for pRx's or its employees' benefit. pRx assumes all risks and hazards encountered in the performance of duties by it or its employees under this Agreement. Unless Monopar has provided prior written approval, pRx shall not use any sub-contractors to perform pRx's obligations hereunder. pRx shall be solely responsible for any and all injuries, including death, to all persons and any and all loss or damage to property, which may result from performance under this Agreement.

7. Indemnities. pRx hereby agrees to indemnify Monopar and hold Monopar harmless from and against all claims (whether asserted by a person, firm, entity or governmental unit or otherwise), liabilities, losses, damages, expenses, charges and fees which Monopar may sustain or incur arising out of or attributable to any breach, gross negligence or willful misconduct by pRx or its employees or contractors, as applicable, in the performance under this Agreement. Monopar hereby agrees to indemnify pRx and hold pRx harmless from and against all liabilities, losses, damages, expenses, charges and fees which pRx may sustain or incur by reason of any claim which may be asserted against pRx by any person, firm, corporation or governmental unit and which may arise out of or be attributable to any gross negligence or willful misconduct by Monopar or its employees or contractors, as applicable, in the performance of this Agreement.
8. Warranties. The Services shall be performed in a professional manner, consistent with industry standards. In performing the Services, neither pRx nor any of its employees shall make any unauthorized use of any confidential or proprietary information of any other party or infringe the intellectual property rights of any other party.
9. Arbitration. Any controversy or claim between Monopar and pRx arising out of or relating to this Agreement, or the breach thereof, shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The site of the arbitration shall be Chicago, IL, and except as provided herein the arbitration shall be conducted in accordance with the Rules of the American Arbitration Association prevailing at the time the demand for arbitration is made hereunder. At least one member of the arbitration panel shall be an expert knowledgeable in the area of biopharmaceutical clinical development. Judgment upon any award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction and shall be binding and final. The cost of arbitration shall be borne by the losing Party, as determined by the arbitrator(s).
10. Confidential Information. pRx has executed a confidential disclosure agreement with Monopar on September 29, 2021. pRx hereby represents and warrants that the obligations thereunder shall be binding upon it and its employees, and that it shall obtain written commitments from such employees thereto.
11. Inventions. pRx agrees that all ideas, developments, suggestions and inventions which an employee or other parties contracted conceive or reduce to practice arising out of or during the course of performance under this Agreement shall be the exclusive property of Monopar and shall be promptly communicated and assigned to Monopar. pRx shall require any employees of or other parties contracted by pRx to disclose the same to pRx and to be bound by the provisions of this paragraph. During the period of this Agreement and thereafter at any reasonable time when called upon to do so by Monopar, pRx shall require any employees of or other parties contracted by pRx to execute patent applications, assignments to Monopar (or any designee of Monopar ) and other papers and to perform acts which Monopar believes necessary to secure to Monopar full protection and ownership of the rights in and to the services performed by pRx and/or for the preparation, filing and prosecution of applications for patents or inventions made by any employees of or other parties contracted by pRx hereunder. The decision to file patent applications on inventions made by any employees of or other parties contracted by pRx shall be made by Monopar and shall be for such countries as Monopar shall elect. Monopar agrees to bear all the expense in connection with the preparation, filing and prosecution of applications for patents and for all matters provided in this paragraph requiring the time and/or assistance of pRx as to such inventions.

12. Miscellaneous.

12.1 Notice. Any notices to be given hereunder by either Party to the other may be effectuated, in writing, by personal delivery or by mail, registered or certified, postage prepaid, with return receipt requested, or by electronic mail. Mailed notices shall be addressed to the Parties at the following addresses:

If to Monopar: Monopar Therapeutics Inc.  
1000 Skokie Blvd., Suite 350  
Wilmette, IL 60091  
Attention: Chandler Robinson, MD MBA MSc  
Email: #

If to pRx: pRx Consulting, LLC  
#  
Attention: Patrice Rioux, MD, PhD  
Email: #

or at such other addresses as either Monopar or pRx may designate by written notice to each other. Notices delivered personally shall be deemed duly given on the date of actual receipt; mailed notices shall be deemed duly given as of the fourth day after the date so mailed. If sent by electronic mail, such notice will be deemed given upon confirmation of receipt by recipient.

12.2 Waiver of Breach. The waiver by either Party to a breach of any provision in this Agreement cannot operate or be construed as a waiver of any subsequent breach by either Party.

12.3 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, that provision shall be deemed modified to the extent necessary to make it valid or enforceable, or if it cannot be so modified, then severed, and the remainder of the Agreement shall continue in full force and effect as if the Agreement had been signed with the invalid portion so modified or severed.

12.4 Choice of Law. This Agreement has been made and entered into in the State of Illinois, and the laws of such state, excluding its choice of law rules, shall govern the validity and interpretation of this Agreement and the performance due hereunder. The losing party in any dispute hereunder shall pay the attorneys' fees and disbursements of the prevailing party.

- 12.5 Integration. The drafting, execution and delivery of this Agreement by the Parties have been induced by no representations, statements, warranties or agreements other than those expressed herein. This Agreement embodies the entire understanding of the Parties, and there are no further or other agreements or understandings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to herein.
- 12.6 Modification. This Agreement may not be modified unless such is in writing and signed by both Parties to this Agreement.
- 12.7 Assignment. pRx shall not be permitted to assign this Agreement to any other person or entity without the prior written consent of Monopar. pRx hereby agrees that Monopar shall be permitted to assign this Agreement to any affiliate of Monopar. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.
- 12.8 Survival. The provisions of **Sections 7, 8, 9, 10, and 11** shall survive expiration or termination of this Agreement for any reason. Expiration or termination of this Agreement shall not affect Monopar's obligations to pay any amounts that may then be due to pRx.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

ACCEPTED AND AGREED TO:

PRX CONSULTING, LLC

MONOPAR THERAPEUTICS INC.

/s/ Patrice Rioux  
Patrice Rioux

/s/ Chandler Robinson  
Chandler Robinson

## AMENDMENT NO. 1 TO CONSULTING AGREEMENT

This Amendment No. 1 to Consulting Agreement (herein referred to as “**Amendment 1**”) is made and entered into on November 17, 2021, by and between Monopar Therapeutics, Inc. (herein referred to as “**Monopar**”), a Delaware corporation, located at 1000 Skokie Blvd., Suite 350, Wilmette, IL 60091, and pRx Consulting, LLC (herein referred to as pRx), a Delaware corporation located at # (each herein referred to as “**Party**” and collectively as “**Parties**”).

## RECITALS

WHEREAS, both Parties entered into an agreement on September 29, 2021, for pRx to provide certain consulting services to Monopar from October 1, 2021, through December 31, 2021;

WHEREAS, effective October 11, 2021, Monopar required the services of pRx to include Acting Chief Medical Officer to fulfill certain regulatory requirements;

RESOLVED, that the agreement between the Parties entered into on September 29, 2021, be amended as follows:

The first three paragraphs of the RECITALS should be deleted and replaced with the following:

WHEREAS, pRx’s President, Patrice Rioux, MD, currently represents Monopar as its director of Monopar’s French subsidiary, is trained and certified under the European Medicines Agency EudraVigilance system and has been engaged to provide services as Monopar’s Acting Chief Medical Officer.

WHEREAS, Monopar desires to discontinue the Consulting Agreement entered into on December 24, 2020, with pRx and wishes to replace it with this Agreement in order to contract with pRx to perform a reasonable amount of medical monitoring services for Validive upon request, continue to be Monopar’s director of its French subsidiary, take actions necessary to keep Monopar’s French subsidiary in compliance with local tax laws and regulations, and represent Monopar as Acting Chief Medical Officer when requested, upon the terms and conditions set forth below.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

PRX CONSULTING, LLC

MONOPAR THERAPEUTICS INC.

/s/ Patrice Rioux

/s/ Chandler Robinson

BY: PATRICE RIOUX, MD, PHD

BY: CHANDLER ROBINSON

ITS: PRESIDENT

ITS: CHIEF EXECUTIVE OFFICER

## CONSULTING AGREEMENT

This Consulting Agreement (herein referred to as “**Agreement**”) is made and entered into as of January 1, 2022 (the “**Effective Date**”), by and between Monopar Therapeutics Inc. (herein referred to as “**Monopar**”), a Delaware corporation, located at 1000 Skokie Blvd, Suite 350, Wilmette, IL 60091, and Christopher M. Starr, Ph.D., (herein referred to as “**Consultant**”), whose principal address is # (each herein referred to as “**Party**” and collectively as “**Parties**”).

## RECITALS

WHEREAS, Consultant is a seasoned Chief Executive Officer in the biopharmaceutical product development industry with extensive experience overseeing research and development, clinical development, regulatory affairs, clinical and commercial manufacturing, quality operations, commercial launches and corporate fundraising;

WHEREAS, Consultant has served as Monopar’s Executive Chair and Board member since 2014 and Monopar desires to contract with Consultant to provide certain consultation services, as requested by Monopar, and Consultant wishes to provide such services to Monopar, upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree as follows:

1. Consulting Arrangement. Consultant agrees to perform consulting services as described herein upon the terms and conditions herein set forth.
2. Term of Agreement. Subject to the provision for early termination set forth below in **Section 5** of this Agreement, this Agreement shall commence as of the Effective Date and terminate on December 31, 2022 (the “**Term**”). This Agreement shall automatically renew annually on January 1, unless either Party terminates this Agreement in writing with a 30-day notice.
3. Duties of Consultant.
  - 3.1 Specific Duties. Consultant shall provide advice in the areas of research, clinical development, manufacturing, quality, regulatory affairs, commercialization and fundraising strategy, including participation in various internal and external meetings with Monopar herein referred to as the “**Services**”.
  - 3.2 Obligations. Consultant shall be diligent in the performance of Services, and be professional in his commitment to meeting his obligations hereunder. Consultant represents and warrants that Consultant is not party to any other existing agreement, which would prevent it from entering into this Agreement or which would adversely affect this Agreement. Consultant shall not perform Services for any other individuals or entities in direct competition with Monopar, defined as individuals or entities developing either treatments for oral mucositis, advanced soft tissue sarcomas, or drug candidates targeting the urokinase plasminogen activator receptor, except as provided for by mutual written agreement of the Parties. Consultant shall not perform services for any party which would require or facilitate the unauthorized disclosure of any confidential or proprietary information of Monopar.

- 3.3 Reporting. Consultant shall be authorized to use his own discretion and judgment as to when and what depth of information/results he deems constructive and appropriate to report to the Board of Directors.
- 3.4 Consultation and Advice. Consultant shall advise Chandler D. Robinson, M.D., and/or any other assigned Monopar employee or consultant as may be designated by Monopar and in accordance with his own judgment and discretion.
- 3.5 Compensation. Monopar shall pay Consultant at \$120,000 per year paid monthly \$10,000 in arrears.

Any obligation to compensate Consultant under this Agreement that arises prior to termination of this Agreement will survive the termination of this Agreement.

Consultant shall not be reimbursed, and is responsible for the facilities and equipment necessary to perform Services required under this Agreement.

The verbal annual agreement for consulting services for \$40,000 per year that was effective October 1, 2018 between the Company and the Consultant shall be terminated upon the effectiveness of this Agreement.

4. Reimbursement of Other Expenses. Monopar shall promptly reimburse Consultant for all direct expenses incurred in providing the Services to Monopar pursuant to this Agreement, including travel, meals and lodging as long as Monopar's prior approval has been obtained. Invoices submitted by Consultant pursuant to this **Section 4** shall include detail of all reimbursable expenses incurred during the period covered by such invoice as well as receipts.
5. Termination of Agreement - Failure to perform. In the event that Consultant ceases to perform the Services or breaches his obligations as required hereunder for any reason, Monopar shall have the right to immediately terminate this Agreement upon notice to Consultant and to enforce such other rights and remedies as it may have as a result of said breach.
6. Certain Liabilities. It is understood and agreed that Consultant shall be acting as an independent contractor and not as an agent or employee of, or partner, joint venturer or in any other relationship with Monopar. Consultant will be solely responsible for all insurance, employment taxes, FICA taxes and all obligations to governments or other organizations for his employees arising out of this consulting assignment. Consultant acknowledges that no income, social security or other taxes shall be withheld or accrued by Monopar for Consultant's benefit. Consultant assumes all risks and hazards encountered in the performance of duties under this Agreement. Unless Monopar has provided prior written approval, Consultant shall not use any sub-contractors to perform obligations hereunder. Consultant shall be solely responsible for any and all injuries, including death, to all persons and any and all loss or damage to property, which may result from performance under this Agreement.
7. Indemnities. Consultant hereby agrees to indemnify Monopar and hold Monopar harmless from and against all claims (whether asserted by a person, firm, entity or governmental unit or otherwise), liabilities, losses, damages, expenses, charges and fees which Monopar may sustain or incur arising out of or attributable to any breach, gross negligence or willful misconduct by Consultant, as applicable, in the performance under this Agreement.

Monopar hereby agrees to indemnify Consultant and hold Consultant harmless from and against all liabilities, losses, damages, expenses, charges and fees which Consultant may sustain or incur by reason of any claim which may be asserted against Consultant by any person, firm, corporation or governmental unit and which may arise out of or be attributable to any gross negligence or willful misconduct by Monopar or its employees or contractors, as applicable, in the performance of this Agreement.

8. Warranties. The Services shall be performed in a professional manner, consistent with industry standards. In performing the Services, Consultant shall not make any unauthorized use of any confidential or proprietary information of any other party or infringe the intellectual property rights of any other party.
9. Arbitration. Any controversy or claim between Monopar and Consultant arising out of or relating to this Agreement, or the breach thereof, shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. The site of the arbitration shall be Chicago, IL, and except as provided herein the arbitration shall be conducted in accordance with the Rules of the American Arbitration Association prevailing at the time the demand for arbitration is made hereunder. At least one member of the arbitration panel shall be an expert knowledgeable in the area of biopharmaceutical clinical operations. Judgment upon any award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction and shall be binding and final. The cost of arbitration shall be borne by the losing Party, as determined by the arbitrator(s).
10. Confidential Information. Consultant has an obligation of confidentiality in his Executive Chair and Board member duties for Monopar and affirms that such confidentiality commitment shall also apply to confidential information accessed under this Agreement.
11. Inventions. Consultant agrees that all ideas, developments, suggestions and inventions conceived or reduced to practice during the course of performance under this Agreement shall be the exclusive property of Monopar and shall be promptly communicated and assigned to Monopar. Consultant shall require any other parties contracted by Consultant to disclose the same to Consultant and to be bound by the provisions of this paragraph. During the period of this Agreement and thereafter at any reasonable time when called upon to do so by Monopar, Consultant shall require any employees of or other parties contracted by Consultant to execute patent applications, assignments to Monopar (or any designee of Monopar) and other papers and to perform acts which Monopar believes necessary to secure to Monopar full protection and ownership of the rights in and to the services performed by Consultant and/or for the preparation, filing and prosecution of applications for patents or inventions made by any employees of or other parties contracted by Consultant hereunder. The decision to file patent applications on inventions made by any employees of or other parties contracted by Consultant shall be made by Monopar and shall be for such countries, as Monopar shall elect. Monopar agrees to bear all the expense in connection with the preparation, filing and prosecution of applications for patents and for all matters provided in this paragraph requiring the time and/or assistance of Consultant as to such inventions.



12. Miscellaneous.

12.1 Notice. Any notices to be given hereunder by either Party to the other may be effectuated, in writing, by personal delivery or by mail, registered or certified, postage prepaid, with return receipt requested, or by electronic mail. Mailed notices shall be addressed to the parties at the following addresses:

If to Monopar: Monopar Therapeutics Inc.  
1000 Skokie Blvd  
Suite 350  
Wilmette, IL, 60091  
Attention: Chandler D. Robinson, M.D.  
Email: #

If to Consultant: #  
Attention: Christopher M. Starr, Ph.D.  
Email: #

or at such other addresses as either Monopar or Consultant may designate by written notice to each other. Notices delivered personally shall be deemed duly given on the date of actual receipt; mailed notices shall be deemed duly given as of the fourth day after the date so mailed. If sent by electronic mail, such notice will be deemed given upon confirmation of receipt by recipient.

12.2 Waiver of Breach. The waiver by either Party to a breach of any provision in this Agreement cannot operate or be construed as a waiver of any subsequent breach by either Party.

12.3 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, that provision shall be deemed modified to the extent necessary to make it valid or enforceable, or if it cannot be so modified, then severed, and the remainder of the Agreement shall continue in full force and effect as if the Agreement had been signed with the invalid portion so modified or severed.

12.4 Choice of Law. This Agreement has been made and entered into in the State of Illinois, and the laws of such state, excluding its choice of law rules, shall govern the validity and interpretation of this Agreement and the performance due hereunder. The losing party in any dispute hereunder shall pay the attorneys' fees and disbursements of the prevailing party.

12.5 Integration. The drafting, execution and delivery of this Agreement by the Parties have been induced by no representations, statements, warranties or agreements other than those expressed herein. This Agreement embodies the entire understanding of the Parties, and there are no further or other agreements or understandings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to herein.

- 12.6 Modification. This Agreement may not be modified unless such is in writing and signed by both Parties to this Agreement.
- 12.7 Assignment. Consultant shall not be permitted to assign this Agreement to any other person or entity without the prior written consent of Monopar. Consultant hereby agrees that Monopar shall be permitted to assign this Agreement to any affiliate of Monopar. This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.
- 12.8 Survival. The provisions of **Sections 7, 8, 9, 10, and 11** shall survive expiration or termination of this Agreement for any reason. Expiration or termination of this Agreement shall not affect Monopar's obligations to pay any amounts that may then be due to Consultant.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

ACCEPTED AND AGREED TO:

CONSULTANT

MONOPAR THERAPEUTICS INC.

/s/ Christopher M. Starr, Ph.D.  
BY: Christopher M. Starr, Ph.D.

/s/ Chandler D. Robinson  
BY: CHANDLER D. ROBINSON  
ITS: CHIEF EXECUTIVE OFFICER

## Subsidiaries of Monopar Therapeutics Inc. as of December 31, 2021

<u>Name</u>	<u>Direct Parent</u>	<u>Ownership</u>	<u>Jurisdiction of Incorporation</u>
Monopar Therapeutics Australia Ltd Pty	Monopar Therapeutics Inc.	100%	Australia
Monopar Therapeutics, SARL	Monopar Therapeutics Inc.	100%	France

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (333-235791) and on Form S-8 (333-235790 and 333-250046) of our report dated March 23, 2022, relating to the consolidated financial statements of Monopar Therapeutics Inc. as of December 31, 2021, which appears in this Annual Report on Form 10-K.

We also consent to the reference to us under the caption “Experts” in such Registration Statements.

/s/ BPM LLP  
BPM LLP

Walnut Creek, California

March 23, 2022

## CERTIFICATION

I, Chandler D. Robinson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Monopar Therapeutics Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: March 24, 2022

/s/ Chandler D. Robinson  
Chandler D. Robinson  
Chief Executive Officer

## CERTIFICATION

I, Kim R. Tsuchimoto, certify that:

1. I have reviewed this Annual Report on Form 10-K of Monopar Therapeutics Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: March 24, 2022

/s/ Kim R. Tsuchimoto  
Kim R. Tsuchimoto  
Chief Financial Officer

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

In connection with the Annual Report on Form 10-K of Monopar Therapeutics Inc. (the Company) for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the Report), we, Chandler D. Robinson, and Kim R. Tsuchimoto, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Chandler D. Robinson

Chandler D. Robinson  
Chief Executive Officer

March 24, 2022

/s/ Kim R. Tsuchimoto

Kim R. Tsuchimoto  
Chief Financial Officer

March 24, 2022

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