

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: June 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-42195

OS THERAPIES INCOPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

82-5118368

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

115 Pullman Crossing Road, Suite 103
Grasonville, Maryland

(Address of principal executive offices)

21638

(Zip Code)

(410) 297-7793

(Registrant's telephone number, including area code)

15825 Shady Grove Road, Suite 135
Rockville, Maryland 20850

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	OSTX	NYSE American

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

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

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth Company ☒

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

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

The number of shares of the registrant's common stock outstanding as of the close of business on August 14, 2024 was 20,884,575.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OS Therapies Incorporated Balance Sheets (unaudited)			June 30, 2024	December 31, 2023
ASSETS				
Current Assets				
Cash		\$	94,925	\$ 38,982
Deferred Offering Costs			1,178,509	751,050
Employee Advances			62,127	—
<i>Total Current Assets</i>			<u>1,335,561</u>	<u>790,032</u>
Long-Term Assets				
Fixed Assets (Net)			6,660	8,050
TOTAL ASSETS		\$	<u><u>1,342,221</u></u>	<u><u>\$ 798,082</u></u>
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts Payable		\$	2,924,816	\$ 2,715,399
Accrued Interest on Convertible Notes			2,545,373	2,026,323
Accrued Expenses			187,500	162,500
Accrued Payroll and Payroll Taxes – Related Party			30,435	112,137
Accrued Payroll and Payroll Taxes			83,999	33,543
Redemption Premium			5,330,804	4,580,304
Short-Term Loan			250,000	—
Preferred Dividends Payable			375,000	343,750
Convertible Notes – A (Net Debt Discount)			1,053,993	1,051,032
Convertible Notes – A (Related Party Net Debt Discount)			100,000	100,000
Convertible Notes – B (Net Debt Discount)			5,154,000	5,154,000
Convertible Notes – C (Net Debt Discount)			3,945,020	3,873,417
Convertible Notes – D (Net Debt Discount)			2,000,000	1,950,160
Convertible Notes – E (Net Debt Discount)			1,100,000	1,100,000
Convertible Notes – F (Net Debt Discount)			3,095,218	1,381,732
Make-Whole Stock Liability			130,000	130,000
<i>Total Current Liabilities</i>			<u>28,306,158</u>	<u>24,714,297</u>
Long-Term Liabilities				
TEDCO Grant			100,000	100,000
<i>Total Long-Term Liabilities</i>			<u>100,000</u>	<u>100,000</u>
Total Liabilities			<u><u>28,406,158</u></u>	<u><u>24,814,297</u></u>
STOCKHOLDERS' DEFICIT				
Common Stock par value \$0.001, 50,000,000 shares authorized, 5,991,041 and 5,340,000 issued and outstanding, respectively			5,991	5,340
Preferred Stock, par value \$0.001, 5,000,000 shares authorized, 0 and 1,302,082 shares Preferred Stock A issued and outstanding, respectively			—	1,302
Additional paid-in capital			5,495,981	5,495,330
Accumulated deficit			(32,565,909)	(29,518,187)
Total Stockholders' Deficit			<u>(27,063,937)</u>	<u>(24,016,215)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		\$	<u><u>1,342,221</u></u>	<u><u>\$ 798,082</u></u>

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

OS Therapies Incorporated
Statements of Operations
(unaudited)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
OPERATING EXPENSES				
Research & Development	\$ 396,567	\$ 992,896	\$ 758,376	\$ 1,743,431
General & Administrative	383,233	522,477	651,656	819,974
Loss from Operations	<u>(779,800)</u>	<u>(1,515,373)</u>	<u>(1,410,032)</u>	<u>(2,563,405)</u>
OTHER INCOME/EXPENSE				
Interest Income	1	—	1	1
Interest Expense	<u>(777,681)</u>	<u>(989,684)</u>	<u>(1,606,441)</u>	<u>(1,788,622)</u>
Total Other Expense	<u>(777,680)</u>	<u>(989,684)</u>	<u>(1,606,440)</u>	<u>(1,788,621)</u>
NET LOSS	<u>(1,557,480)</u>	<u>(2,505,057)</u>	<u>(3,016,472)</u>	<u>(4,352,026)</u>
Cumulative Series A Preferred Stock Dividend Requirement	—	(31,250)	(31,250)	(62,500)
NET LOSS available to common shareholders	<u>\$ (1,557,480)</u>	<u>\$ (2,536,307)</u>	<u>\$ (3,047,722)</u>	<u>\$ (4,414,526)</u>
Basic & Diluted Weighted Average Common Shares Outstanding	5,991,041	5,340,000	5,847,955	5,340,000
Basic & Diluted Loss per Common Share Outstanding	<u>\$ (0.26)</u>	<u>\$ (0.47)</u>	<u>\$ (0.52)</u>	<u>\$ (0.83)</u>

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

OS Therapies Incorporated
Statements of Stockholders' Deficit
For the Three and Six Months Ended June 30, 2024 and 2023
(unaudited)

	Common Stock CS – Shares CS – Par Amount		Preferred Stock Shares Par Amount		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
Balances, December 31, 2022	4,990,000	4,990	1,302,082	\$ 1,302	\$ 4,038,083	\$ (21,601,603)	\$ (17,557,228)
Conversion of Make Whole Liability to Common Stock	350,000	350	—	—	699,650	—	700,000
Preferred Dividends	—	—	—	—	—	(31,250)	(31,250)
Net Loss	—	—	—	—	—	(1,846,969)	(1,846,969)
Balances, March 31, 2023	5,340,000	\$ 5,340	1,302,082	\$ 1,302	\$ 4,737,733	\$ (23,479,822)	\$ (18,735,447)
Preferred Dividends	—	—	—	—	—	(31,250)	(31,250)
Net Loss	—	—	—	—	—	(2,505,057)	(2,505,057)
Balances, June 30, 2023	5,340,000	\$ 5,340	1,302,082	\$ 1,302	\$ 4,737,733	\$ (26,016,129)	\$ (21,271,754)
Balances, December 31, 2023	5,340,000	\$ 5,340	1,302,082	1,302	\$ 5,495,330	\$ (29,518,187)	\$ (24,016,215)
Conversion of Preferred Stock to Common Stock	651,041	651	(1,302,082)	(1,302)	651	—	—
Preferred Dividends	—	—	—	—	—	(31,250)	(31,250)
Net Loss	—	—	—	—	—	(1,458,992)	(1,458,992)
Balances, March 31, 2024	5,991,041	\$ 5,991	—	\$ —	\$ 5,495,981	\$ (31,008,429)	\$ (25,506,457)
Net Loss	—	—	—	—	—	(1,557,480)	(1,557,480)
Balances, June 30, 2024	5,991,041	\$ 5,991	—	\$ —	\$ 5,495,981	\$ (32,565,909)	\$ (27,063,937)

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

OS Therapies Incorporated
Statements of Cash Flows
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (3,016,472)	\$ (4,352,026)
Depreciation expense	1,390	905
Amortization of Debt Discounts Issuance and Warrants	1,087,390	1,452,081
Make-whole expense	—	116,688
Adjustments to reconcile net loss to net cash used in operating activities:		
Employee Advances	(62,127)	—
Accounts Payable	(45,905)	1,257,654
Accrued Expenses	25,000	(15,000)
Accrued Interest on Convertible Notes	519,050	336,539
Accrued Payroll and payroll taxes	(31,246)	(56,079)
<i>Net cash used in operating activities</i>	<u><u>(1,522,920)</u></u>	<u><u>(1,259,238)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Asset Addition	—	(19)
Shareholder Loan Repayment	—	1,145
<i>Net cash provided by investing activities</i>	<u><u>—</u></u>	<u><u>1,126</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred Offering Costs	(172,137)	(126,646)
Short-Term Loan	250,000	—
Net Proceeds from Convertible Debt A, B, C, D, E & F	1,501,000	1,262,500
<i>Net cash provided by financing activities</i>	<u><u>1,578,863</u></u>	<u><u>1,135,854</u></u>
Net change in cash	55,943	(122,258)
Cash – beginning of period	38,982	171,480
Cash – end of period	<u><u>\$ 94,925</u></u>	<u><u>\$ 49,222</u></u>
Cash paid for interest	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Discount on Notes Payable – redemption premium	750,500	900,000
Dividends Payable	31,250	62,500
Deferred offering costs recorded as accounts payable	255,322	186,440
Conversion of preferred stock to common stock	5,991	—
Conversion of Make-Whole Liability to Common Stock & APIC	—	700,000

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

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS, LIQUIDITY, AND RISK FACTORS

OS Therapies Incorporated (“we,” “us,” “our,” the “Company”) is a Delaware corporation incorporated on June 24, 2019. It is based in Rockville, Maryland. The Company is the successor to an LLC formed in 2018.

The Company intends to focus on the identification, development, and commercialization of treatments for Osteosarcoma and other related diseases. As of June 30, 2024, there is one ongoing clinical trial for Osteosarcoma therapy.

Liquidity

The Company has prepared its financial statements on a going concern basis, which assumes that the Company will realize its assets and satisfy its liabilities in the normal course of business. However, the Company has incurred net losses since its inception and has negative operating cash flows. These circumstances raise substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of the uncertainty concerning the Company’s ability to continue as a going concern.

As of June 30, 2024, the Company had cash of \$94,925. For the foreseeable future, the Company’s ability to continue its operations is dependent upon its ability to obtain additional capital. The Company is currently seeking to raise additional capital through a public or private financing of equity; although there can be no assurances the Company will be successful in such a campaign.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of US Securities and Exchange Commission (“SEC”). The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America, and the Company’s fiscal year end is December 31. These financial statements should be read in conjunction with the audited financial statements and related disclosures for the year ended December 31, 2023 included in the Company’s Special Financial Report on Form 10-K for the year then ended.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in its financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates and judgments, which are based on historical and anticipated results and trends and on various other assumptions that management believes to be reasonable under the circumstances. By their nature, estimates are subject to an inherent degree of uncertainty and, as such, actual results may differ from management’s estimates.

Cash

Cash consists primarily of deposits with commercial banks and financial institutions. The Company maintains cash balances at various financial institutions. Both interest and non-interest bearing accounts with the same insured depository institution are insured by the Federal Deposit Insurance Corporation (FDIC) for a combined total of \$250,000. In the normal course of business, the Company may have deposits that exceed the FDIC insured limit. The Company believes that it is not subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. As of June 30, 2024 and December 31, 2023, Chase Bank Checking account had \$9,506 and \$88, respectively. As of June 30, 2024 and December 31, 2023, SVB Bank Checking account had \$85,019 and \$38,894, respectively. There were no accounts in excess of the FDIC limits.

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fixed Asset Policy

A capital asset is defined as a unit of property that has an economic useful life that extends beyond 12 months. Any items costing below the threshold or not fitting the definition of a capital asset will be expensed in the financial statements. All capital assets are recorded at historical cost as of the date acquired. Computer assets will be capitalized and Straight-Line depreciated over 5-years for financial statement purposes.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. Recoverability is measured by comparison of the book values of the assets to future net undiscounted cash flows that the assets or the asset groups are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the book value of the assets exceed their fair value, which is measured based on the estimated discounted future net cash flows arising from the assets or asset groups. No impairment losses on long-lived assets have been recorded for the six months ended June 30, 2024 or the year ended December 31, 2023.

Deferred Offering Costs

Deferred offering costs consist of capitalized underwriting, legal, accounting and other expenses incurred through the balance sheet date that are directly related to the Company's initial public offering and that will be charged to stockholders' equity upon the completion of the Company's initial public offering. At June 30, 2024, the Company had \$1,178,509 in capitalized deferred offering costs. At December 31, 2023, the Company had \$751,050 in capitalized deferred offering costs.

Debt Discount and Redemption Premium

The Company evaluated the Notes in accordance with ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument's outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes will be recorded at the amortized cost.

The initial fair value of the redemption value relating to the convertible debt instruments are capitalized and amortized over the term of the related debt using the straight-line method, which approximates the interest method. If a loan is paid in full, any unamortized financing costs will be removed from the related accounts and charged to operations. Amortization of debt discount is recorded as a component of interest expense. In accordance with ASU 2015-03, Interest — Imputation of Interest, the unamortized debt discount is presented in the accompanying balance sheet as a direct deduction from the carrying amount of the related debt.

Research and Development Costs

Research and development expenses are charged to operations as incurred. Research and development expenses include, among other things, salaries, costs of outside collaborators and outside services, and supplies.

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue Recognition

As of the date of incorporation, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, “ASC 606”), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets.

Stock-Based Compensation

The Company, in accordance with ASC 718, employs the use of stock-based compensation. The compensation expense related to stock granted to employees and non-employees is measured at the grant date based on the estimated fair value of the award and is recognized on a straight-line basis over the requisite service period. Forfeitures are recognized as a reduction of stock-based compensation expense as they occur. Stock-based compensation expense for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

Short-term Leases

For short-term leases, 12 months or less, we record rent expense. Our only lease currently meets this exemption and has been expensed. We have not renewed the current lease due to landlord restrictions; the ownership is renovating the premises. We have temporarily moved our primary office to 115 Pullman Crossing Road, Suite #103 in Grasonville, Maryland 21638. The space is the primary office of our Chief Financial Officer and is being provided rent free.

Income taxes

The Company accounts for income taxes using the asset-and-liability method in accordance with ASC 740, *Income Taxes* (“ASC 740”). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. A valuation allowance is recorded if it is “more likely than not” that some portion or all of the deferred tax assets will not be realized in future periods.

The Company follows the guidance in ASC Topic 740-10 in assessing uncertain tax positions. The standard applies to all tax positions and clarifies the recognition of tax benefits in the financial statements by providing for a two-step approach of recognition and measurement. The first step involves assessing whether the tax position is more-likely-than-not to be sustained upon examination based upon its technical merits. The second step involves measurement of the amount to be recognized.

Tax positions that meet the more-likely than-not threshold are measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate finalization with the taxing authority. The Company recognizes the impact of an uncertain income tax position in the financial statements if it believes that the position is more likely than not to be sustained by the relevant taxing authority.

The Company will recognize interest and penalties related to tax positions in income tax expense. As of June 30, 2024 and December 31, 2023, the Company had no unrecognized uncertain income tax positions.

Basic and Diluted Loss per Share

The Company computes loss per share in accordance with ASC 260, *Earnings per Share* (“ASC 260”). ASC 260 requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the statements of operations. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible notes payable using the if-converted method. Diluted EPS excludes all dilutive potential shares if their effect is antidilutive.

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

Below is a table listing all preferred stock and common stock equivalents

	June 30, 2024 (unaudited)	December 31, 2023
Common Stock Equivalents		
Convertible Debt	13,293,534	11,034,773
Make-Whole Liability	32,500	32,500
Warrants	625,642	604,282
Preferred Stock	—	651,041
Total	13,951,676	12,322,596

Fair Value Measurements

The Company applies ASC 820 *Fair Value Measurement* (“ASC 820”), which establishes a framework for measuring fair value and clarifies the definition of fair value within that framework. ASC 820 defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company’s principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity’s own assumptions based on market data and the entity’s judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances.

The carrying value of the Company’s prepaid expenses, accounts payable and accrued expenses approximate fair value because of the short-term maturity of these financial instruments. The redemption feature of the debt instruments is recorded at fair value (See Note 3).

The valuation hierarchy is composed of three levels. The classification within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The levels within the valuation hierarchy are described below:

Level 1 — Assets and liabilities with unadjusted, quoted prices listed on active market exchanges. Inputs to the fair value measurement are observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs to the fair value measurement are determined using prices for recently traded assets and liabilities with similar underlying terms, as well as direct or indirect observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 — Inputs to the fair value measurement are unobservable inputs, such as estimates, assumptions, and valuation techniques when little or no market data exists for the assets or liabilities.

Recent Accounting Pronouncements

The Company has evaluated all recent accounting pronouncements and believes that none of them will have a material effect on the Company’s financial position, results of operations, or cash flows.

NOTE 3 — RELATED PARTY TRANSACTIONS

Accrued Payroll

At June 30, 2024 and December 31, 2023, the Company had a payroll payable to the CEO of \$60,000 and \$330,000, respectively, and related payroll taxes payable of \$11,565 and \$7,830, respectively. During the period ending June 30, 2024 and December 31, 2023 the Company made advances on the payroll payable and the CEO made repayments.

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 3 — RELATED PARTY TRANSACTIONS (cont.)

The following summarizes activity in respect to payroll advances to the CEO:

Balance December 31, 2022	\$ —
Advances during 2023	316,198
Repayment	(125,000)
Balance December 31, 2023	\$ 191,198
Advances during 2024	98,785
Repayment	(248,418)
Balance June 30, 2024	\$ 41,565

In the second quarter of 2024, a bonus check was issued to Paul Romness, CEO. The bonus paycheck is comprised of the remaining balance of backpay, less all 2023 payroll advances. The payroll taxes were paid that were associated with the back pay and as of April 29, 2024 the back pay, related payroll taxes and associated payroll advances are fully paid. The balance of accrued payroll for the CEO on June 30, 2024 represents the June payroll due less an advance on net pay.

Related Parties — Convertible Debt

Of the total outstanding notes at June 30, 2024, 8.67% of Group A and 4.55% of Group E are held by related parties.

Ted Search and John Ciccio, collectively known as Mill River Partners LLC, are members of the Board and hold convertible notes with face amounts of \$150,000 and \$150,000 as of June 30, 2024 and December 31, 2023, respectively.

Related Party Accounting Fees

The company has a bill in accounts payable of \$71,941 for the period ended June 30, 2024 and \$32,102 for the period ended December 31, 2023 to Shore Accountants MD Inc., an outside accounting firm that handles payroll and bookkeeping and is 100% owned by Chris Acevedo, the CFO.

NOTE 4 — CONVERTIBLE DEBT

Convertible Debt

The Convertible Notes are separated into seven groups — A, B, C, D, E, F and BlinkBio — per the table below:

Group	Rate	Maturity	Collateral	Conversion Rate	June 30, 2024 Carrying Amount	December 31, 2023 Carrying Amount
A	10%	10/31/2024	None	80% – 87.5%	\$ 1,153,993	\$ 1,151,032
B	6%	10/31/2024	None	80%	\$ 5,154,000	\$ 5,154,000
C	6%	10/31/2024	None	80%	\$ 3,945,020	\$ 3,873,417
D	6%	10/31/2024	None	50%	\$ 2,000,000	\$ 1,950,160
E	6%	10/31/2024	None	50%	\$ 1,100,000	\$ 1,100,000
F	6%	10/31/2024	None	50%	\$ 3,095,218	\$ 1,381,732
Blink Bio	10%	3/15/2022	None	100%	\$ —	\$ —

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
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NOTE 4 — CONVERTIBLE DEBT (cont.)

Group A

Commencing in July 2018 through November 2021, the Company entered into an unsecured Subordinated Convertible Promissory Note Agreement (the “Agreements”) with certain lenders (together, the “Holders” or individually, the “Holder”). Interest on the unpaid principal balance accrues at a rate of 10% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest will be due and payable by the Company on demand by the Holders at any time after the earlier of (i) the Maturity Date (as defined in each Agreement) and (ii) the closing of the Next Equity Financing (as defined below). The stated Maturity Date was extended in October 2023, under the same terms, until October 31, 2024.

The Notes will automatically convert into the type of Equity Securities issued in the Next Equity Financing upon closing. The number of shares of such Equity Securities to be issued will be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Note on the date of conversion of 80 – 87.5% of the price paid per share for Equity Securities by the investors in the Next Equity Financing. Equity Securities refers to Company’s common stock or preferred stock and Next Equity Financing refers to the next sale (or series of related sales) by the Company of its equity securities from which the Company receives gross proceeds of not less than \$3,000,000 (including the aggregate amount of debt securities converted into Equity Securities upon conversion or cancellation of promissory notes) or \$5,000,000, depending upon the signed agreement terms.

In the event that the Company raises aggregate additional cash proceeds of at least \$3,000,000 or \$5,000,000 through the sale of the Company’s equity securities, excluding the sales or conversions of Notes under the Agreement, the outstanding principal amount due will automatically, and without any action on part of the holder, be converted into fully paid and non-assessable units of the Company’s equity stock sold in such qualified financing at 12.5% of the equity stock conversion price. The Company, at its option, may pay all accrued, but unpaid, interest and other charges in cash or by the issuance of additional equity stock at a rate of the applicable conversion price.

The Company evaluated the Notes in accordance with ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”), and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument’s outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes were recorded at the amortized cost.

The convertible debt balance at June 30, 2024 and December 31, 2023 is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
Debt A		
Principal amount outstanding	\$ 1,154,000	\$ 1,154,000
Less: discounts (issuance, redemptions)	(184,614)	(185,224)
Amortization of discounts	184,607	182,256
Carrying value	1,153,993	1,151,032
Less Related Party Portion	(100,000)	(100,000)
Convertible Notes – A	<u>\$ 1,053,993</u>	<u>\$ 1,051,032</u>

Group B

Commencing in May 2020, the Company entered into an unsecured Subordinated Convertible Promissory Note Agreement (the “Agreements”) with certain lenders (together, the “Holders” or individually, the “Holder”), pursuant to which the Company issued a Subordinated Convertible Promissory Note (individually the “Note” or together the “Notes”) to the Holders, principally the Investors brought in by an investment bank. Interest on the unpaid principal balance accrues at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest will be due and payable by the Company on demand by the Holders at any time after the earlier of (i) the Maturity Date (as defined in each Agreement) and (ii) the closing of the Next Equity Financing (as defined below). The stated Maturity Date was extended in October 2023, under the same terms, until October 31, 2024.

The Notes will automatically convert into the type of Equity Securities issued in the Next Equity Financing upon closing. The number of shares of such Equity Securities to be issued will be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Note on the date of conversion of 80% of the price paid per share for Equity Securities by the investors in the Next Equity Financing. No such Next Equity Financing has occurred through June 30, 2024. Equity Securities refers to Company’s common stock or preferred stock and Next Equity Financing refers to the next sale (or series of related sales) by the Company of its equity securities from which the Company receives gross proceeds of not less than \$10,000,000 (including the aggregate amount of debt securities converted into Equity Securities upon conversion or cancellation of promissory notes).

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NOTE 4 — CONVERTIBLE DEBT (cont.)

In the event that the Company raises aggregate additional cash proceeds of at least \$10,000,000 through the sale of the Company's equity securities, excluding the sales or conversions of Notes under the Agreement, the outstanding principal amount due will automatically, and without any action on part of the holder, be converted into fully paid and non-assessable units of the Company's equity stock sold in such qualified financing at 12.5% of the equity stock conversion price.

The Company, at its option, may pay all accrued, but unpaid, interest and other charges in cash or by the issuance of additional equity stock at a rate of the applicable conversion price.

The Company evaluated the Notes in accordance with ASC 480, *Distinguishing Liabilities from Equity* ("ASC 480"), and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument's outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes were recorded at the amortized cost.

The convertible debt balance at June 30, 2024 and December 31, 2023 is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
Debt B		
Principal amount outstanding	\$ 5,154,000	\$ 5,154,000
Less: discounts (issuance, redemptions, warrants)	(1,818,939)	(1,818,939)
Amortization of discounts	1,818,939	1,818,939
Carrying value	<u>\$ 5,154,000</u>	<u>\$ 5,154,000</u>

Group C

Commencing in July 2021, the Company entered into an unsecured Subordinated Convertible Promissory Note Agreement (the "Agreements") with certain lenders (together, the "Holders" or individually, the "Holder"), pursuant to which the Company issued a Subordinated Convertible Promissory Note (individually the "Note" or together the "Notes") to the Holders, principally the Investors brought in by an investment bank. Interest on the unpaid principal balance accrues at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest will be due and payable by the Company on demand by the Holders at any time after the earlier of (i) the Maturity Date (as defined in each Agreement) and (ii) the closing of the Next Equity Financing (as defined below). The stated Maturity Date was extended in October 2023, under the same terms, until October 31, 2024.

The Notes will automatically convert into the type of Equity Securities issued in the Next Equity Financing upon closing. The number of shares of such Equity Securities to be issued will be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Note on the date of conversion of 80% of the price paid per share for Equity Securities by the investors in the Next Equity Financing. No such Next Equity Financing has occurred through June 30, 2024. Equity Securities refers to Company's common stock or preferred stock and Next Equity Financing refers to the next sale (or series of related sales) by the Company of its equity securities from which the Company receives gross proceeds of not less than \$10,000,000 (including the aggregate amount of debt securities converted into Equity Securities upon conversion or cancellation of promissory notes).

In the event that the Company raises aggregate additional cash proceeds of at least \$10,000,000 through the sale of the Company's equity securities, excluding the sales or conversions of Notes under the Agreement, the outstanding principal amount due will automatically, and without any action on part of the holder, be converted into fully paid and non-assessable units of the Company's equity stock sold in such qualified financing at 12.5% of the equity stock conversion price.

The Company, at its option, may pay all accrued, but unpaid, interest and other charges in cash or by the issuance of additional equity stock at a rate of the applicable conversion price.

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NOTE 4 — CONVERTIBLE DEBT (cont.)

The Company evaluated the Notes in accordance with ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”), and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument’s outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes were recorded at the amortized cost.

The convertible debt balance at June 30, 2024 and December 31, 2023 is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
Debt C		
Principal amount outstanding	\$ 3,945,020	\$ 3,945,020
Less: discounts (issuance, redemptions, warrants)	(1,088,223)	(1,063,223)
Amortization of discounts	1,088,223	1,016,620
Carrying value	<u>\$ 3,945,020</u>	<u>\$ 3,873,417</u>

Group D

Commencing in November 2022, the Company entered into an unsecured Subordinated Convertible Promissory Note Agreement (the “Agreements”) with certain lenders (together, the “Holders” or individually, the “Holder”), pursuant to which the Company issued a Subordinated Convertible Promissory Note (individually the “Note” or together the “Notes”) to the Holders, principally the Investors brought in by an investment bank. Interest on the unpaid principal balance accrues at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest will be due and payable by the Company on demand by the Holders at any time after the earlier of (i) the Maturity Date (as defined in each Agreement) and (ii) the closing of the Next Equity Financing (as defined below). The stated Maturity Date was extended in October 2023, under the same terms, until October 31, 2024.

The Notes will automatically convert into the type of Equity Securities issued in the Next Equity Financing upon closing. The number of shares of such Equity Securities to be issued will be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Note on the date of conversion of 50% of the price paid per share for Equity Securities by the investors in the Next Equity Financing. No such Next Equity Financing has occurred through June 30, 2024. Equity Securities refers to Company’s common stock or preferred stock and Next Equity Financing refers to the next sale (or series of related sales) by the Company of its equity securities from which the Company receives gross proceeds of not less than \$10,000,000 (including the aggregate amount of debt securities converted into Equity Securities upon conversion or cancellation of promissory notes).

In the event that the Company raises aggregate additional cash proceeds of at least \$10,000,000 through the sale of the Company’s equity securities, excluding the sales or conversions of Notes under the Agreement, the outstanding principal amount due will automatically, and without any action on part of the holder, be converted into fully paid and non-assessable units of the Company’s equity stock sold in such qualified financing at 50% of the equity stock conversion price.

In connection with the Group D Convertible Notes, the Company agreed to issue an additional 400,000 shares of common stock to the Group D Holders, prorated based on such Holder’s investment amount, as an inducement for their investment in the Group D Convertible Notes.

The Company, at its option, may pay all accrued, but unpaid, interest and other charges in cash or by the issuance of additional equity stock at a rate of the applicable conversion price.

The Company evaluated the Notes in accordance with ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”), and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument’s outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes were recorded at the amortized cost.

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NOTE 4 — CONVERTIBLE DEBT (cont.)

The convertible debt balance at June 30, 2024 and December 31, 2023 is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
Debt D		
Principal amount outstanding	\$ 2,000,000	\$ 2,000,000
Less: discounts (issuance, redemptions, warrants)	(1,864,654)	(1,864,654)
Amortization of discounts	1,864,654	1,814,814
Carrying value	<u>\$ 2,000,000</u>	<u>\$ 1,950,160</u>

Group E

Commencing in February 2023, the Company entered into an unsecured Subordinated Convertible Promissory Note Agreement (the “Agreements”) with certain lenders (together, the “Holders” or individually, the “Holder”), pursuant to which the Company issued a Subordinated Convertible Promissory Note (individually the “Note” or together the “Notes”) to the Holders, principally the Investors brought in by an investment bank. Interest on the unpaid principal balance accrues at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest will be due and payable by the Company on demand by the Holders at any time after the earlier of (i) the Maturity Date (as defined in each Agreement) and (ii) the closing of the Next Equity Financing (as defined below). The stated Maturity Date was extended in October 2023, under the same terms, until October 31, 2024.

The Notes will automatically convert into the type of Equity Securities issued in the Next Equity Financing upon closing. The number of shares of such Equity Securities to be issued will be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Note on the date of conversion of 50% of the price paid per share for Equity Securities by the investors in the Next Equity Financing. No such Next Equity Financing has occurred through June 30, 2024. Equity Securities refers to Company’s common stock or preferred stock and Next Equity Financing refers to the next sale (or series of related sales) by the Company of its equity securities from which the Company receives gross proceeds of not less than \$10,000,000 (including the aggregate amount of debt securities converted into Equity Securities upon conversion or cancellation of promissory notes).

In the event that the Company raises aggregate additional cash proceeds of at least \$10,000,000 through the sale of the Company’s equity securities, excluding the sales or conversions of Notes under the Agreement, the outstanding principal amount due will automatically, and without any action on part of the holder, be converted into fully paid and non-assessable units of the Company’s equity stock sold in such qualified financing at 50% of the equity stock conversion price. In connection with the Group E Convertible Notes, the Company agreed to issue an additional 220,000 shares of common stock as of June 30, 2024 to the Group E Holders, prorated based on such Holder’s investment amount, as an inducement for their investment in the Group E Convertible Notes.

The Company, at its option, may pay all accrued, but unpaid, interest and other charges in cash or by the issuance of additional equity stock at a rate of the applicable conversion price.

The Company evaluated the Notes in accordance with ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”), and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument’s outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes were recorded at the amortized cost.

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NOTE 4 — CONVERTIBLE DEBT (cont.)

The convertible debt balance at June 30, 2024 and December 31, 2023 is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
Debt E		
Principal amount outstanding	\$ 1,100,000	\$ 1,100,000
Less: discounts (issuance, redemptions, warrants)	(550,000)	(550,000)
Amortization of discounts	550,000	550,000
Carrying value	1,100,000	1,100,000
Less related party portion	(50,000)	(50,000)
Convertible Notes – E	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>

Group F

Commencing in June 2023, the Company entered into an unsecured Subordinated Convertible Promissory Note Agreement (the “Agreements”) with certain lenders (together, the “Holders” or individually, the “Holder”), pursuant to which the Company issued a Subordinated Convertible Promissory Note (individually the “Note” or together the “Notes”) to the Holders, principally the Investors brought in by an investment bank. Interest on the unpaid principal balance accrues at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest will be due and payable by the Company on demand by the Holders at any time after the earlier of (i) the Maturity Date (as defined in each Agreement) and (ii) the closing of the Next Equity Financing (as defined below). The stated Maturity Date was extended in October 2023, under the same terms, until October 31, 2024.

The Notes will automatically convert into the type of Equity Securities issued in the Next Equity Financing upon closing. The number of shares of such Equity Securities to be issued will be equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Note on the date of conversion of 50% of the price paid per share for Equity Securities by the investors in the Next Equity Financing. No such Next Equity Financing has occurred through June 30, 2024. Equity Securities refers to Company’s common stock or preferred stock and Next Equity Financing refers to the next sale (or series of related sales) by the Company of its equity securities from which the Company receives gross proceeds of not less than \$10,000,000 (including the aggregate amount of debt securities converted into Equity Securities upon conversion or cancellation of promissory notes).

In the event that the Company raises aggregate additional cash proceeds of at least \$10,000,000 through the sale of the Company’s equity securities, excluding the sales or conversions of Notes under the Agreement, the outstanding principal amount due will automatically, and without any action on part of the holder, be converted into fully paid and non-assessable units of the Company’s equity stock sold in such qualified financing at 50% of the equity stock conversion price. In connection with the Group F Convertible Notes, the Company agreed to issue an additional 686,700 shares of common stock as of June 30, 2024 to the Group F Holders, prorated based on such Holder’s investment amount, as an inducement for their investment in the Group F Convertible Notes.

The Company, at its option, may pay all accrued, but unpaid, interest and other charges in cash or by the issuance of additional equity stock at a rate of the applicable conversion price.

The Company evaluated the Notes in accordance with ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”), and determined the Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument’s outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Notes were recorded at the amortized cost.

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NOTE 4 — CONVERTIBLE DEBT (cont.)

The convertible debt balance at June 30, 2024 and December 31, 2023 is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
Debt F		
Principal amount outstanding	\$ 3,433,500	\$ 1,932,500
Less: discounts (issuance, redemptions, warrants)	(1,212,718)	(966,250)
Amortization of discounts	874,436	415,482
Carrying value	<u>\$ 3,095,218</u>	<u>\$ 1,381,732</u>

Redemption Liability

The fair value of the redemption liability is calculated under Level 3 of the fair value hierarchy, is determined based upon a Probability-Weighted of Expected Returns Model (“PWERM”). This PWERM was determined to be the most appropriate method of estimating the value of possible redemption or conversion outcomes over time, since the Company has not entered into a priced equity round through June 30, 2024. The fair value of the redemption liability is calculated using the initial value of the convertible note less the debt discount rate of 12.5% in Group A, 20% in Groups B and C, and 50% in Groups D, E and F. The redemption liability is then amortized over the remaining life of the note, utilizing the interest rates of 10% and 6% respectively for the groups. The life of each note in Group A is for a set period of 3 years, and is variable in Groups B, C, D, E and F with a range of 12 months to 3 years. The Company retains the option to negotiate an extended maturity date for Groups B, C, D, E and F. The new embedded redemption values were \$750,500 and \$1,541,250 for the periods ended June 30, 2024 and December 31, 2023, respectively.

The redemption liability is re-measured at each period end and is summarized as follows:

	As of June 30, 2024	As of December 31, 2023
New Embedded Redemption Value – Group A	144,250	144,250
New Embedded Redemption Value – Group B	1,130,800	1,130,800
New Embedded Redemption Value – Group C	789,004	789,004
New Embedded Redemption Value – Group D	1,000,000	1,000,000
New Embedded Redemption Value – Group E	550,000	550,000
New Embedded Redemption Value – Group F	1,716,750	966,250
Ending Balance	<u>\$ 5,330,804</u>	<u>\$ 4,580,304</u>

Fees Associated with Convertible Debt Raise

The fees associated with the convertible debt raise are legal and investment fees associated with the issuance of the convertible notes for Groups A, B, C, and D. There were no related parties who received these fees. The fees are amortized over the life of the convertible note utilizing an interest rate of 10% for Group A and 6% for Groups B, C, and D. The debt issuance liability is re-measured at each period end and is summarized in the table below.

	As of June 30, 2024	As of December 31, 2023
Debt Issuance		
Group A	\$ —	\$ —
Group B	—	—
Group C	—	9,133
Group D	—	—
Total Net Debt Issuance	<u>\$ —</u>	<u>\$ 9,133</u>

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NOTE 4 — CONVERTIBLE DEBT (cont.)

Make-whole liability — Shares due Noble Capital

In March 2020, the Company signed a new advisory agreement with Noble Capital, in lieu of cash remuneration and the company agreed to issue 4% of the Company's shares, with an anti-dilution clause. The make-whole liability represents the shares earned for the anti-dilution of their stock position over 2020 and 2021. The 2021 year-end had the Company owing an aggregate of 233,202 shares valued in the amount of \$408,413, after issuing 200,000 shares in 2020. In 2021, the Company recorded an associated expense to advisory fees of \$152,482 to recognize the share value earned on the anti-dilution compensation in 2021. In 2022, the Company set aside 70,624 shares to satisfy the anti-dilution clause. In 2022, the Company recorded an associated expense to advisory fees of \$282,496 to recognize the share value earned on the anti-dilution compensation in the 2022.

For the six months ended June 30, 2024 and 2023, the Company recorded an additional 0 and 16,672 shares, respectively, with an associated expense to advisory fees of \$0 and \$66,688, respectively, on the anti-dilution compensation.

On July 1, 2023, the make-whole liability for Noble Capital was determined to be contractually nullified. The Company unwound the liability, and it is reflected in our Statement of Stockholders' Deficit.

Make-whole liability — Shares Officers & Directors

In January 2023, 350,000 shares of Class A common stock were issued to officers, key employees, key advisors and directors, leaving 20,000 shares in the balance to be issued to Joacim Borg, a director with a value of \$80,000.

On March 1, 2023, the Company hired Alan Musso, former CFO, and, as part of his compensation contract, he was awarded 12,500 shares of common stock with a value of \$4.00 per share, the \$50,000 in compensation of which is reflected in the make-whole stock liability.

Alan resigned on June 30, 2023, and Christopher Acevedo, current CFO, took his position. Mr. Acevedo will be awarded the balance of Mr. Musso's shares upon a successful initial public offering.

The Company's make-whole share liability is summarized in the table below as of June 30, 2024.

Name	Position	# Shares	Value	Date Earned
Alan Musso	Former CFO	3,125	\$ 12,500	March 1, 2023
Christopher Acevedo	Current CFO	9,375	37,500	Upon IPO
Joacim Borg	Director	20,000	80,000	July 1, 2022
TOTAL		32,500	\$ 130,000	

Warrants for Placement Agent — Noble Capital

In March 2020, the Company signed a new advisory agreement with Noble Capital, in lieu of cash remuneration it was provided a 10% warrant fee, in addition to cash remuneration on debt raises from Noble procured investments. The terms of the warrants are five years at an exercise price that equates to the average price the convertible debt holders paid in each debt raise round.

The number of warrants earned in 2020 was 248,855 valued at \$248,855. The number of warrants earned in 2021 was 213,782, valued at \$427,564. The total warrants earned as of December 31, 2022 was 162,644, valued at \$325,288. No warrants were earned in 2023 or the six months ended June 30, 2024.

Warrants earned in 2022, 2021 and 2020 have been accounted for as a discount to the associated convertible debt with the discounts amortized over the term of the related debt. The Debt Discount Accretion expense in warrants in the six months ended June 30, 2024 was \$49,840 and in the six months ended June 30, 2023 was \$147,677. The total unamortized discount of those warrants was \$0 and \$49,840 as of June 30, 2024 and December 31, 2023, respectively.

Short-Term Loan

An investor lent the Company \$100,000 on March 7, 2024. The note is a demand note, carrying interest at 8% and was used for working capital purposes. An investor lent the Company \$150,000 on June 28, 2024. The note is a demand note, carrying interest at 8% and was also used for working capital purposes. The Company intends to repay these loans in 2024.

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NOTE 5 — TEDCO GRANT

In May of 2021, the Company received the first of two tranches from TEDCO's *Rural & Underserved Business Recovery from Impact of COVID-19 (RUBRIC) Grant* in the amount of \$50,000. A second tranche of \$50,000 was received in October 2021 for a total reimbursable grant amount of \$100,000. The Company is obligated to report on and pay to TEDCO 3% of their quarterly revenues for a five-year period following the reward date. Income from grants and investments are not considered revenues. Royalties due to TEDCO are capped at 150% of the amount of the award or \$150,000 total. The Company has the option to eliminate the quarterly royalty obligation by making an advance payment prior to the end of the five-year period, in which case, the Company will receive a 10% reduction of the royalty cap percentage for each year prior to the expiration of the five-year reimbursement period that the grant is repaid in full. If the Company ceases to meet eligibility requirements the reimbursement obligation will become due to TEDCO immediately; however, the discount for meeting the obligation will still apply.

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Employee Commitments

There are no employee commitments as the Company operates on an at-will employment basis.

Rental Agreement

The Company had a rental agreement with BXP Shady Grove Lot 7 LLC, beginning in April 2023 and ending in December 2023. The payment term of the license agreement was \$1,000 per month. Rent expense for the year ended December 31, 2023 was \$12,000. The Company has not renewed its lease and has a mailing address at 115 Pullman Crossing Road, Suite 103, Grasonville, Maryland 21638.

License Obligation and Manufacturing Agreements Advaxis

The Company entered into an exclusive license agreement with Advaxis, Inc in September 2018, as amended, pursuant to which it acquired the right to develop and commercialize Advaxis HER2 Construct, the Company's product candidate and the use of Advaxis HER2 Construct patents.

Per the agreement, all milestone payments are non-creditable and non-refundable and will be due and payable upon the occurrence of the corresponding milestone event. For clarity, each milestone payment is payable only once. As of December 31, 2020, the Funding Milestone had been achieved and payment in full was made in January 2021. As of May 2021, the second milestone had been completed and paid. For the six months ended June 30, 2024, no payments were made.

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NOTE 6 — COMMITMENTS AND CONTINGENCIES (cont.)

The milestone events and financial terms are as follows:

Milestone	Amount
1. OST has secured funding of at least Two Million Three Hundred Thirty-Seven Thousand Five Hundred US Dollars (\$2,337,500), in the aggregate (The Funding Milestone) (paid)	License Commencement Payment \$1,550,000
2. The earlier to occur of: (A) OST having secured at least Eight Million US Dollars, in the aggregate or (B) Completion of the first Clinical Trial (with "Completion" meaning that the final patient has enrolled in first Clinical Trial) (paid)	\$ 1,375,000
3. The earlier to occur of: (A) receipt of Regulatory Approval from the FDA for the First Indication of the first Licensed Product or (B) Initiation of the first Registrational Trial of the first Licensed Product in the Field	\$ 5,000,000
4. Cumulative Net Sales of all Licensed Products in excess of Twenty Million US Dollars (\$20,000,000)	\$ 1,500,000
5. Cumulative Net Sales of all Licensed Products in excess of Fifty Million US Dollars (\$50,000,000) Cumulative Net Sales of all Licensed Products in ex	\$ 5,000,000
6. Cumulative Net Sales of all Licensed Products in excess of One Hundred Million US Dollars (\$100,000,000)	\$ 10,000,000

All milestone payments are non-creditable and non-refundable and will be due and payable upon the occurrence of the corresponding date or milestone, regardless of any failure by the Company to provide the notice required by Section 6.4a of the licensing agreement. For clarity, each milestone payment is payable only once. As of December 31, 2020, the first milestone had been achieved. As of January 7, 2021, the license commencement payment was paid in full. As of May 21, 2021, the second milestone had been completed and paid in full.

Additionally, on an aggregate basis across all licensed products during the royalty term, the Company will pay quarterly to Advaxis royalties on net sales of licensed products, royalty rates range from a percentage in the high single digits to low double digits. No royalties were payable in the six months ended June 30, 2024.

BlinkBio

In July 2020, the Company entered into a Licensing Agreement with BlinkBio, Inc., to utilize their proprietary technology. As of August 2020, the \$300,000 License fee was fully paid and recorded in license expense. These payments have been recorded in the Licensing expenses of the accompanying statement of operations. No payments were due or made in 2024. A payment schedule is set for future milestones, is summarized below:

Milestone Bearing Event	Milestone Payment
1. License Fee to utilize proprietary technology (paid)	\$300,000 + \$2.4 million Convertible Note
2. Commencement of a toxicology study commented pursuant to Good Laboratory Practices (per 21 CFR Part 58) such that any resulting positive data would be admissible to applicable Regulatory Authorities to support an IND (commonly referred to as "GLP-Tox")	\$ 375,000
3. Completion of a Phase I Clinical Trial	\$ 1,500,000
4. Completion of a Phase II Clinical Trial	\$ 2,500,000
5. Filing of an NDA, BLA or MAA registration (or the equivalent in any other territory around the world)	\$ 6,000,000
6. Regulatory Approval in the first of the United States, within the EU or within the UK	\$ 12,000,000

The Company will make the cash payments set forth in the table above by wire transfer of immediately available funds, to BlinkBio within thirty (30) days of the occurrence of each milestone set forth with respect to the first Product to attain each such milestone, except that the first Milestone above will apply with respect to The Company's first product candidate. During the Royalty Term, the Company will pay BlinkBio a royalty of six percent (6%) on Net Sales on a Product-by-Product and country-by-country basis during the Royalty Term, in a country in which no Valid Claim Covers the manufacture, use, or sale of a Product, the royalty on Net Sales of such Product in such country will be reduced to three percent (3%). No royalties were due in the six months ended June 30, 2024, no payments were made in the year 2023.

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 6 — COMMITMENTS AND CONTINGENCIES (cont.)

For the avoidance of doubt, each Milestone payment will be payable only once, and the aggregate amount of Milestone payments payable hereunder will not exceed \$22,375,000. A Milestone may be achieved by the Company or a Commercial Sublicensee.

George Clinical Inc.

In June 2020, the Company entered into a Research Service Agreement, as amended, with George Clinical Inc., to use their clinical research services for the Company's study: "*An Open Label, Phase 2 Study of Maintenance Therapy with OST-HER2 after Resection of Recurrent Osteosarcoma*". Under the terms of the agreement, the Company is required to pay to George Clinical certain fees described in the fee schedule below. The total budget under the agreement is approximately \$2,436,928. For the six months ended June 30, 2024 and year ended December 31, 2023, we paid \$193,877 and \$921,300, respectively, to George Clinical. These payments have been recorded as research and development expenses in our Statement of Operations and Comprehensive Loss. The fee schedule for certain fees and corresponding payment amounts is set forth below.:

George Clinical Payment Schedule		Payment Amount
1.	Service Fee Advance (paid)	\$ 49,989
2.	Service Fee Advance of \$212,335 minus the amount already paid, plus PTC Fee Advance of \$31,325 (paid)	\$ 193,671
3.	Statistics Fees – 35% on Electronic Data Capture (EDC) Go Live Date	\$ 47,740
4.	Statistics Fees – 35% on Development of SAP tables	\$ 47,740
5.	Statistics Fees – 30% on Final Analysis	\$ 40,920
6.	Service Fees – Remainder Due	Split monthly over course of study

George Clinical will track and invoice the Company for the number of task units completed and pass through costs will be invoiced each month in arrears based on actual costs without mark-up. The PTC Advance Fee will be used to offset final pass through fees payable. As of June 30, 2024, the balance due to George Clinical was \$663,622.

Legal Proceedings

From time to time, the Company may be involved in disputes, including litigation, relating to claims arising out of operations in the normal course of business. Any of these claims could subject the Company to costly legal expenses and, while management generally believes that there will be adequate insurance to cover different liabilities at such time the Company becomes a public company and commences clinical trials, the Company's future insurance carriers may deny coverage or policy limits may be inadequate to fully satisfy any damage awards or settlements. If this were to happen, the payment of any such awards could have a material adverse effect on the results of operations and financial position. Additionally, any such claims, whether or not successful, could damage the Company's reputation and business. The Company is currently not a party to any legal proceedings, the adverse outcome of which, in management's opinion, individually or in the aggregate, could have a material adverse effect on the Company's results of operations or financial position.

OS Therapies Incorporated
Notes to the Financial Statements
For the Six Months Ended June 30, 2024 and 2023
(unaudited)

NOTE 7 — EQUITY

Common Stock

In 2021, the Company split Common Stock into two classes with fifty million shares of Class A Common Stock, \$0.001 par value per share (“Class A Common Stock”) designated and twenty million shares of Class B Common Stock, \$0.001 par value per share (“Class B Common Stock”). On February 9, 2024, the Company changed the name of the Class A Common Stock and Class B Common Stock to combine into the name Common Stock, with 50,000,000 shares authorized. As of June 30, 2024 and December 31, 2023, the Company had 5,991,041 and 5,340,000 shares of Common Stock outstanding, respectively. Common Stock has voting rights.

Preferred Stock

In 2021, 5,000,000 shares of Preferred Stock were authorized, 1,400,000 was designated as Series A Preferred Stock, with 1,302,082 shares issued of Series A Preferred Stock. Series A Preferred Stock has 5% cumulative coupon and liquidation priority above all Common Shares. The coupon dividends are computed at 5% of the principal per annum and are recorded monthly.

On February 9, 2024, the Series A Preferred Stock outstanding was converted to Common Stock on a one common share for every two preferred shares basis upon the filing of the Company’s third amended and restate certificate of incorporation. Effective February 9, 2024, the company had five million shares of authorized Preferred Stock, none of which were outstanding.

The dividend due for the six months ended June 30, 2024 and for the year ended December 31, 2023 was \$31,250 and \$125,000, respectively, for a total accrued dividend payable at June 30, 2024 of \$375,000

The Preferred Stock has the following rights and privileges:

Voting — Votes together with the Common Stock on all matters on an as-converted basis. Approval of a majority of the New Preferred Stock voting as a separate class will be required to, among other things: (i) adversely change rights of the New Preferred Stock, (ii) change the authorized number of shares of New Preferred Stock.

Conversion — Each share of New Preferred Stock is convertible into one share of Common Stock (subject to proportional adjustments for stock splits, stock dividends and the like) at any time at the option of the holder. Conversion ratio will be subject to adjustment on a broad-based, weighted average basis in the event of subsequent issuances at a price less than the original issue price (as adjusted) subject to customary exceptions. The conversion into Common Stock occurred on February 9, 2024.

Liquidation — One times the original issue price of the New Preferred Stock plus declared but unpaid dividends on each share of New Preferred Stock (or, if greater, the amount that the New Preferred Stock would receive on an as-converted basis) will be paid first on each share of New Preferred Stock, and the balance of proceeds to be paid to Common Stock. A merger, reorganization, or similar transaction (including a sale, exclusive license or other disposition of all or substantially all of the assets of the Company or its subsidiaries) will be treated as a liquidation, thereby triggering payment of the liquidation preference described above. For the avoidance of doubt, the liquidation preference is intended to provide the Investor (and its permitted assigns) with an aggregate liquidation payment of \$2,500,000.

	Total, as of June 30, 2024	Total, as of December 31, 2023
Shares Issued to Investors	—	1,302,082
Total Shares Issued	—	1,302,082

NOTE 8 — SUBSEQUENT EVENTS

- On August 2, 2024, the Company closed its initial public offering of 1,600,000 shares of common stock at a public offering price of \$4.00 per share, raising gross proceeds of \$6.4 million.
- The Convertible Notes automatically converted upon consummation of the Company’s initial public offering into 13,293,534 shares of the Company’s common stock. The conversion consisted of \$16,786,520 in principal and \$2,639,929 of accrued interest, equaling total debt of \$19,426,449 as of August 2, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the financial condition and results of operations of OS Therapies Incorporated ("OS Therapies," the "Company," "we," "our" or "us") should be read in conjunction with the financial statements and notes thereto appearing in Part I, Item 1 of this report. In the following discussions, most percentages and dollar amounts have been rounded to aid presentation, and, accordingly, all amounts are approximations.

Cautionary Note Regarding Forward-Looking Statements

This report contains "forward-looking statements" (within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), which may include information concerning our beliefs, plans, objectives, goals, expectations, strategies, anticipations, assumptions, estimates, intentions, future events, future revenues or performance, capital expenditures and other information that is not historical information. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "seek," "estimate," "expect," "anticipate," "project," "plan," "contemplate," "plan," "continue," "intend," "believe" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. We believe there is a reasonable basis for its expectations and beliefs, but there can be no assurance that we will realize its expectations or that its beliefs will prove to be correct.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Examples of risks and uncertainties that could cause actual results to differ materially from historical performance and any forward-looking statements include, but are not limited to, the risks described under the section below titled "Risk Factors" of our Registration Statement on Form S-1 initially filed with the Securities and Exchange Commission (the "SEC") on May 30, 2024, as well as any subsequent filings with the SEC.

There may be other factors of which we are currently unaware or which it currently deems immaterial that may cause its actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date they are made and are expressly qualified in their entirety by the cautionary statements included in this report. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date they were made or to reflect the occurrence of unanticipated events, or otherwise.

We make available through its Internet website, free of charge, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports and other filings made by us with the SEC, as soon as practicable after we electronically file such reports and filings with the SEC. Our website address is www.ostherapies.com. The information contained on our website is not incorporated by reference into this report.

Overview

We are a clinical stage biopharmaceutical company focused on the identification, development and commercialization of treatments for Osteosarcoma (OS) and other solid tumors. Our mission is to address the significant need for new treatments in cancers of the bone in children and young adults. Osteosarcoma is an extremely challenging and often aggressive cancer that has particular treatment challenges due to its location, changing genotypes and high recurrence rates. We are currently seeking to answer the call for new treatments with our lead core product candidate OST-HER2 (also known as OST31-164). We intend to expand our pipeline beyond Osteosarcoma with this product candidate into other solid tumors with the same recurrence mechanism of action, including breast, esophageal and lung cancers. With the addition of our OST-Tunable Drug Conjugate (OST-tADC) platform, which we consider to be a next generation antibody-drug conjugate (ADC) technology, we will be targeting ovarian, lung and pancreatic cancers. Furthering our founding mission, we also intend to investigate clinical indications for OST-tADC in Osteosarcoma.

We believe that there have not been any new treatments approved by the U.S. Food and Drug Administration (FDA) for Osteosarcoma for more than 40 years. In humans, Osteosarcoma is an extremely rare cancer that primarily affects children, teenagers and young adults generally under 40 years of age. We are not aware of any competing adjuvant therapy for Osteosarcoma to be tested in children that is further along in the development process than OST-HER2. This disease is difficult to diagnose. The standard of care following first line therapies is simply to screen and wait for possible recurrence/metastasis. Studies published in the Journal of Clinical Oncology, “Osteosarcoma Relapse After Combined Modality Therapy: An Analysis of Unselected Patients in the Cooperative Osteosarcoma Study Group (COSS),” by Kempf-Bielack B., et al. (January 2005), and “Second and Subsequent Recurrences of Osteosarcoma: Presentation, Treatment, and Outcomes of 249 Consecutive Cooperative Osteosarcoma Study Group Patients,” by Bielack S., et al. (February 2009), reported that recurrence/metastasis happens in approximately half of all patients within 12 to 18 months following initial remittance. For those patients that experience recurrence, metastasis is typically to the lungs and brain, with survival rates of approximately 13% over the next year, according to these studies.

We have built a pipeline of product candidates targeting multiple indications for solid cancers. Our pipeline includes two drug technologies: (i) OST-HER2, an off-the-shelf immunotherapy, which is a type of cancer treatment that helps one’s immune system fight cancer, comprised of a genetically weakened and modified strain of *Listeria monocytogenes*, a species of bacteria that causes the infection listeriosis, that expresses HER2 peptides, and (ii) OST-tADC, a next generation tunable ADC with a plug-and-play platform that features tunable pH sensitive silicone linkers (SiLinkers). The payloads can include antibodies, chemotherapeutics, cytotoxins and potentially mRNA treatments directly into and in the vicinity of solid tumors.

Our Technology Platform

We are in the process of building a fully integrated platform technology to accelerate the development of a range of product candidates across multiple therapeutic areas. Our platform technology is intended to leverage our management’s in-depth experience in immunotherapy research, development and manufacturing to enable us to pursue multiple therapeutic targets. Our scientists and scientific advisors have accumulated decades of collective experience in the field of immunotherapy, oncology and small-molecule drug production, contributing key insights and significant achievement in our clinical development process.

Our Core Values

Our company’s three core values are:

- **Patient Impact.** We care deeply about what we are building to change the future for patients. We are developing therapies for significant unmet medical need.
- **Empowerment.** We are all responsible for delivering on our mission to develop new medicines for patients: listen, speak up and engage.
- **Collaboration.** We know that we are better together and thrive when we challenge each other to find a better way for patients.

Our Growth Strategies

Our goal is to enrich and lengthen the lives of patients by being a leading, fully integrated biotechnology company. We are seeking to develop, manufacture and commercialize multiple product candidates targeting orphan and non-orphan oncologic diseases across multiple tissue types and therapeutic areas. To achieve our goal, we are pursuing the following growth strategies:

- Consider potentially out-licensing OST-HER2 to animal health companies for veterinary use to treat dogs diagnosed with Osteosarcoma, one year of age or older.
- Obtain marketing approval for OST-HER2 in Osteosarcoma, then quickly pivot to a master protocol within breast, esophageal, lung and other solid tumors where metastases express HER2 that could be targeted by immune cells.

- Conclude pre-clinical and toxicology trials with the lead drug candidate for OST-tADC (OST-tADC-A, Exatecan-silanol-FRa), and file for an investigational new drug application (IND) to initiate a Phase I trial in ovarian cancer and other folate receptor alpha overexpressing cancers like endometrial cancer and some osteosarcomas. We believe that positive results from preclinical two-week and good laboratory practice (GLP) toxicology studies may also stimulate potential out-licensing activity of SiLinker and CAPs drug products, while not limiting therapeutic development.
- Establish global commercial and medical affairs capabilities for OST-HER2 based therapies.

Critical Accounting Policies and Significant Judgments and Estimates

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

Critical accounting policies are those that, in management’s view, are most important to the portrayal of a company’s financial condition and results of operations and most demanding on their calls on judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. While our significant accounting policies are described in more detail in Note 2 to our financial statements appearing elsewhere in this report, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Debt Discount and Redemption Premium

We evaluated the Group A Convertible Notes, the Group B Convertible Notes, the Group C Convertible Notes and the Bridge Notes (collectively, the “Convertible Notes”) in accordance with ASC 480, Distinguishing Liabilities from Equity (“ASC 480”) and determined that the Convertible Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument’s outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Convertible Notes will be recorded at the amortized cost.

The initial fair value of the redemption value relating to the convertible debt instruments are capitalized and amortized over the term of the related debt using the straight-line method, which approximates the interest method. If a loan is paid in full, any unamortized financing costs will be removed from the related accounts and charged to operations. Amortization of debt discount is recorded as a component of interest expense. In accordance with ASU 2015-03, Interest — Imputation of Interest, the unamortized debt discount is presented in the accompanying balance sheet as a direct deduction from the carrying amount of the related debt.

The fair value of the redemption liability is calculated under Level 3 of the fair value hierarchy and is determined based upon a Probability-Weighted of Expected Returns Model (“PWERM”). This PWERM was determined to be the most appropriate method of estimating the value of possible redemption or conversion outcomes over time, since we have not entered into a priced equity round through June 30, 2024. The fair value of the redemption liability is calculated using the initial value of the Convertible Notes less the debt discount rate of 12.5% in Group A, 20% in Groups B and C, and 50% in Groups D, E and F. The redemption liability is then amortized over the remaining life of the note, utilizing the interest rates of 10% and 6% for the groups, respectively. The life of each note in Group A is for a set period of three years and is variable in Groups B, C, D, E and F, with a range of 12 months to three years. We retain the option to negotiate an extended maturity date for Groups B, C, D, E and F. The new embedded redemption values were \$750,500 and \$1,541,250 for the periods ended June 30, 2024 and December 31, 2023, respectively.

The fees associated with the convertible debt raise are legal and investment fees associated with the issuance of the Convertible Notes for Groups A, B, C, D, E and F. There were no related parties who received these fees. The fees are amortized over the life of the Convertible Notes utilizing an interest rate of 10% for Group A and 6% for Groups B, C, D, E and F.

Components of Our Results of Operations

Revenue. We did not recognize revenues for the six months ended June 30, 2024 or the year ended December 31, 2023.

Operating Expenses. Our operating expenses are comprised primarily of research and development expenses, general and administrative expenses and licensing costs.

Research and Development Expenses. Research and development expenses consist primarily of costs incurred for our research activities, including our drug discovery efforts, and the development of our product candidates, which include:

- personnel-related costs, including salaries, benefits and stock-based compensation expense, for employees engaged in research and development functions;
- expenses incurred in connection with our research programs, including under agreements with third parties, such as consultants and contractors and CROs;
- the cost of developing and scaling our manufacturing process and manufacturing drug substance and drug product for use in our research and preclinical and clinical studies, including under agreements with third parties, such as consultants and contractors and contract development and manufacturing organizations (CDMOs); and
- the cost of laboratory supplies and research materials.

We track our direct external research and development expenses on a program-by-program basis. These consist of costs that include fees, reimbursed materials, and other costs paid to consultants, contractors, CDMOs, and CROs in connection with our preclinical, clinical and manufacturing activities. We do not allocate employee costs, costs associated with our discovery efforts, and facilities expenses, including depreciation or other indirect costs, to specific product development programs because these costs are deployed across multiple programs and, as such, are not separately classified.

We expect that our research and development expenses will increase substantially as we advance OST-HER2 and OST-tADC into clinical development and expand our discovery, research and preclinical activities in the near term and in the future.

General and Administrative Expenses. General and administrative expenses consist primarily of salaries and related costs, including stock-based compensation, for personnel in executive, finance and administrative functions. General and administrative expenses also include professional fees for legal, patent, consulting, investor and public relations and accounting and audit services.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research activities and development of our product candidates. We also anticipate that we will incur increased accounting, audit, legal, regulatory, compliance, and director and officer insurance costs as well as investor and public relations expenses associated with operating as a public company.

Licensing Costs. Costs incurred in obtaining technology licenses and asset purchases are charged to licensing costs if the technology licensed has not reached technological feasibility which includes manufacturing, clinical, intellectual property and/or regulatory success which has no alternative future use. The licenses purchased by us require substantial completion of research and development and regulatory and marketing approval efforts in order to reach technological feasibility.

Interest Expense. We evaluated the Convertible Notes in accordance with ASC 480, Distinguishing Liabilities from Equity ("ASC 480"), and determined the Convertible Notes are considered share-settled debt and should be recorded as a liability. This conclusion was determined based on the debt providing the holder with a variable number of shares at settlement with an aggregate fair value equal to the debt instrument's outstanding principal. The general measurement guidance in ASC 480 requires obligations that can be settled in shares with a fixed monetary value at settlement (e.g., share-settled debt) to be carried at fair value unless other accounting guidance specifies another measurement attribute. It has been determined that the appropriate guidance for share-settled debt is ASC 835. As a result, the Convertible Notes were recorded at the amortized cost.

Cumulative Series A Preferred Stock Dividend. The Series A preferred stock dividend requirement represents the coupon dividends on our preferred stock and is identified as a separate component of our statement of operations to compute net income (loss) available to common shareholders. The coupon dividends are computed at 5% of the principal per annum and are recorded monthly. The cumulative accrued dividend at June 30, 2024 and 2023 was \$375,000 and \$250,000, respectively. The Series A preferred stock was converted into common stock on a 1:1 basis in February 2024, and the last coupon dividend was issued in the quarter ended March 31, 2024.

Income Taxes. Since our inception, we have not recorded income tax benefits for the net operating losses incurred or the research and development tax credits generated in each year, due to the uncertainty of realizing a benefit from those items.

As of December 31, 2023, we had U.S. federal net operating loss carry forwards of approximately \$16.3 million, which may be available to offset future taxable income. The federal net operating loss carry forward indefinitely but may only be used to offset 80% of annual taxable income. As of December 31, 2023, we also had federal and state general business tax credit carry forwards of \$1.4 million available to offset future tax liabilities and expire at various dates beginning in January 1, 2022. We have R&D credits that we opted to convert and use toward payroll taxes in amounts equal to \$0.3 million as of December 31, 2023. As of December 31, 2023, we also had a federal and state research and development tax credit carry forwards of approximately \$0.3 million, which may be available to offset future tax liabilities and expire at various dates beginning January 1, 2024 and January 1, 2023, respectively.

Deferred Offering Costs. Deferred offering costs consisted of legal, accounting, printing and filing fees that we capitalized, which will be offset against the gross proceeds from our initial public offering.

Results of Operations

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The following table summarizes our results of operations for the six months ended June 30, 2024 and 2023:

(In thousands)	June 30,	
	2024	2023
Expenses:		
Research and development expenses	\$ 758,376	\$ 1,743,431
General and administrative	651,656	819,974
Total operating expenses	<u>1,410,032</u>	<u>2,563,405</u>
Loss from operations	(1,410,032)	(2,563,405)
Other income (expenses):		
Interest Income	1	1
Interest expense	(1,606,441)	(1,788,622)
Total other expenses	<u>(1,606,440)</u>	<u>(1,788,621)</u>
Net loss	(3,016,472)	(4,352,026)
Cumulative Series A preferred stock dividend requirement	<u>(31,250)</u>	<u>(62,500)</u>
Net loss available to common shareholders	<u>\$ (3,047,722)</u>	<u>\$ (4,414,526)</u>

Research and Development Expenses. Research and development expenses were approximately \$0.8 million for the six months ended June 30, 2024 compared to approximately \$1.7 million for the six months ended June 30, 2023. This decrease was primarily due to a decrease in vendor expenses associated with our Phase IIb clinical trial and a decrease in vendor expenses associated with our OST-tADC platform technology. The following table summarizes our research and development expenses for the three months ended June 30, 2024 and 2023:

(In thousands)	As of June 30,	
	2024	2023
Direct research and development expenses by program:		
OST-HER2	\$ 543	\$ 1,345
OST-tADC	—	198
Unallocated research and development expenses:		
Personnel-related	215	200
Total research and development expenses	\$ 758	\$ 1,743

For the six months ended June 30, 2024 and 2023, the direct research and development expenses related to OST-HER2 were primarily lab fees, vendor expenses and staff payroll fees. In 2024, such expenses were primarily lab fees and related clinical support of approximately \$0.5 million attributed to our Phase IIb clinical trial preparation and CRO costs as we completed IND-enabling studies. OST-tADC related direct research and development expenses were approximately \$0.0 million and \$0.2 million for the six months ended June 30, 2024 and 2023, respectively.

General and Administrative Expenses. General and administrative expenses for the six months ended June 30, 2024 were approximately \$0.7 million compared to \$0.8 million for the six months ended June 30, 2023. These expenses were primarily attributed to marketing costs and accounting fees to consultants.

Licensing Costs. We did not have any licensing costs for the six months ended June 30, 2024 and 2023.

Interest Expense. Interest expense for the six months ended June 30, 2024 was approximately \$1.6 million compared to \$1.8 million for the six months ended June 30, 2023. The amounts of interest are comprised of accretion of debt discount being amortized in 2024 and 2023 from associated discounts related to convertible notes and placement agent warrants, together with interest expenses from the issuances of convertible notes.

Liquidity and Capital Resources

Operating Losses

Since our inception, we have incurred significant operating losses. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of our product candidates. For the six months ended June 30, 2024 and 2023, we reported a net loss of approximately \$3.0 million and \$4.4 million, respectively, and had an accumulated deficit of approximately \$32.6 million and \$23.5 million, respectively. We expect to incur significant expenses at an increasing rate and increasing operating losses for the foreseeable future.

As of June 30, 2024 and 2023, we had cash of approximately \$0.1 million and \$0.0 million, respectively. We have funded our operations to date primarily from the sale of our convertible notes in our private placements, which have provided total gross proceeds of \$19.2 million as of June 30, 2024. We believe that the net proceeds from our private placements, together with our existing cash, will enable us to fund our operating expenses and capital expenditure requirements for the next three to six months.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

(In thousands)	June 30,	
	2024	2023
Cash used in operating activities	\$ (1,523)	\$ (1,259)
Cash provided by investing activities	—	1
Cash provided by financing activities	1,579	1,136
Net increase (decrease) in cash	\$ 56	\$ (122)

Operating Activities

During the six months ended June 30, 2024 and 2023, operating activities used approximately \$1.5 million and \$1.3 million of cash, respectively, resulting from our net loss of approximately \$3.0 million and \$4.4 million, respectively, offset by net non-cash charges of approximately \$1.1 million and \$1.6 million, respectively, partially offset by net cash provided by changes in our operating assets and liabilities of approximately \$0.4 million and \$1.5 million, respectively.

Net cash provided by changes in our operating assets and liabilities for the six months ended June 30, 2024 and 2023 consisted primarily of an increase in accounts payable of approximately \$0.0 million and \$1.3 million, respectively, an increase in accrued interest of approximately \$0.5 million and \$0.3 million, respectively, and a change in accrued payroll of approximately \$(0.0) million and \$(0.1) million, respectively.

Non-cash charges for the six months ended June 30, 2024 and 2023 were primarily the result of the amortization of debt discount on our convertible debt of approximately \$1.1 million and \$1.5 million, respectively. Changes in accounts payable, accrued expenses and other current liabilities and prepaid expenses and other current assets in all periods were generally due to growth in our business, the advancement of our research programs and the timing of vendor invoicing and payments.

Investing Activities

During the six months ended June 30, 2024 and 2023, net cash provided by investing activities was approximately \$0.0 million and \$0.0 million, respectively.

Financing Activities

During the six months ended June 30, 2024 and 2023, net cash provided by financing activities was approximately \$1.6 million and \$1.1 million, respectively. The net cash provided by financing activities for the six months ended June 30, 2024 and 2023 consisted primarily of net proceeds from sales of convertible notes, reduced by capitalized deferred offering costs.

Convertible Notes

We have completed seven separate private financing transactions from July 2018 to April 2024 in which we issued the Convertible Notes and raised total gross proceeds of \$19,186,520 from accredited investors.

Information with respect to the seven separate private financings of convertible notes — A, B, C, D, E, F and BlinkBio — are indicated in the table below.

Group	Dates of issuance	Rate	Maturity	Collateral	Conversion rate	June 30, 2024 carrying amount	December 31, 2023 carrying amount	Convertible Note ceiling range on note valuation (in millions)
A	2018 – 2021	10%	10/31/2024	None	80% – 87.5%	\$ 1.2	\$ 1.2	\$ 5 to 25 – varies per note
B	2020 – 2021	6%	10/31/2024	None	80 %	\$ 5.2	\$ 5.2	\$ 19
C	2021 – 2023	6%	10/31/2024	None	80 %	\$ 3.9	\$ 3.9	\$ 19 or 50 – varies per note
D	2022 – 2023	6%	10/31/2024	None	50 %	\$ 2.0	\$ 2.0	\$ 50
E	2023	6%	10/31/2024	None	50 %	\$ 1.1	\$ 1.1	\$ 50
F	2023 – 2024	6%	10/31/2024	None	50 %	\$ 3.1	\$ 1.4	\$ 50
BlinkBio	2020	10%	3/15/2022	None	100 %	\$ —	\$ —	\$ 19.2

The total accrued interest on the convertible notes listed in the table above was approximately \$2.5 million and \$2.0 million as of June 30, 2024 and December 31, 2023, respectively. The carrying amount and face amount of such convertible notes differ because of the unamortized debt issuance costs and the debt discount (which are amortized over the original term of the instrument) — see accounting policy discussion below. The material terms of each group of Convertible Notes are described below.

Group A Convertible Notes. From July 2018 through November 2021, we issued convertible notes in an aggregate principal amount of \$1,154,000 (the “Group A Convertible Notes”) to accredited investors, including related parties. Interest on the unpaid principal balance on the Group A Convertible Notes accrued at a rate of 10% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest on the Group A Convertible Notes were due and payable by us on demand by the holders of such convertible notes at any time after the earlier of (i) the Maturity Date and (ii) the closing of the Next Equity Financing (which was our initial public offering). In general, the stated Maturity Date varied from the date of issuance of two to four years and was extended in October 2023, under the same terms, until October 31, 2024.

The Group A Convertible Notes automatically converted into shares of our common stock upon the consummation of our initial public offering. The number of shares of our common stock issued upon the automatic conversion was equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Group A Convertible Note on the date of conversion by a percentage between 80% to 87.5%, as applicable, of the initial public offering price per share in such offering. The Group A Convertible Notes had conversion capitalization ceilings that ranged from \$5 million to \$25 million, which limited the price a noteholder must pay in a convertible note-to-common stock conversion occurrence. The Group A Convertible Notes had a conversion price that ranged from \$0.39 to \$1.97 per share, depending on the applicable valuation ceiling of each note (based on the initial public offering price of \$4.00 per share).

Group B Convertible Notes. From April 2020 through June 2021, we issued convertible notes in an aggregate principal amount of \$5,154,000 (the “Group B Convertible Notes”) to accredited investors. Interest on the unpaid principal balance of the Group B Convertible Notes accrued at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest were due and payable by us on demand by the convertible holders of such notes at any time after the earlier of (i) the Maturity Date and (ii) the closing of the Next Equity Financing (which was our initial public offering). In general, the stated Maturity Date was March 31, 2022 but was extended in October 2023, under the same terms, until October 31, 2024.

The Group B Convertible Notes automatically converted into shares of our common stock upon the consummation of our initial public offering. The number of shares of our common stock issued upon the automatic conversion was equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Group B Convertible Note on the date of conversion by 80% of the initial public offering price per share in such offering. The Group B Convertible Notes had a conversion capitalization ceiling of \$19 million, which limited the price a noteholder must pay in a convertible note-to-common stock conversion occurrence. As a result of the valuation ceiling, the Group B Convertible Notes had a conversion price of \$1.31 per share (based on the initial public offering price of \$4.00 per share).

Group C Convertible Notes. From June 2021 through January 2023, we issued convertible notes in an aggregate principal amount of \$3,945,020 (the “Group C Convertible Notes”) to accredited investors. Interest on the unpaid principal balance of the Group C Convertible Notes accrued at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest were due and payable by us on demand by the holders of such convertible notes at any time after the earlier of (i) the Maturity Date and (ii) the closing of the Next Equity Financing (which was our initial public offering). In general, the stated Maturity Date was May 31, 2024 but was extended in October 2023, under the same terms, until October 31, 2024.

The Group C Convertible Notes automatically converted into shares of our common stock upon the consummation of our initial public offering. The number of shares of our common stock issued upon the automatic conversion was equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on the Group C Convertible Note on the date of conversion by 80% of the initial public offering price per share in such offering. The Group C Convertible Notes had a conversion capitalization ceiling of \$50 million, except that one note was subject to a valuation ceiling of \$19 million, which limited the price a noteholder must pay in a convertible note-to-common stock conversion occurrence. As a result of the applicable valuation ceiling, the Group C Convertible Notes had a conversion price of \$1.31 or \$2.59 per share, as applicable (based on the initial public offering price of \$4.00 per share).

Bridge Notes (Groups D, E and F). In November 2022, we issued convertible notes in an aggregate principal amount of \$2,000,000 (the “Group D Convertible Notes”) to accredited investors. From February to June 2023, we issued convertible notes in an aggregate principal amount of \$1,100,000 (the “Group E Convertible Notes”) to accredited investors. From June 2023 to April 2024, we issued convertible notes in an aggregate principal amount of \$3,433,500 (the “Group F Convertible Notes” and, collectively with the Group D Convertible Notes and Group E Convertible Notes, the “Bridge Notes”) to accredited investors, of which an aggregate of \$750,000 was issued in April 2024. Interest on the unpaid principal balance of the Bridge Notes accrued at a rate of 6% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. Unless earlier converted into shares of Equity Securities, the principal and accrued interest was due and payable by us on demand by the holders of such convertible notes at any time after the earlier of (i) the Maturity Date and (ii) the closing of the Next Equity Financing (which was our initial public offering). In general, the stated Maturity Date was October 31, 2024.

The Bridge Notes automatically converted into shares of our common stock upon the consummation of our initial public offering. The number of shares of our common stock issued upon the automatic conversion was equal to the quotient obtained by dividing the outstanding principal and unpaid accrued interest due on a Bridge Note on the date of conversion by 50% of the initial public offering price per share in such offering. The Bridge Notes had a conversion capitalization ceiling of \$50 million, which limited the price a noteholder must pay in a convertible note-to-common stock conversion occurrence. As a result of the valuation ceiling, the Bridge Notes had a conversion price of \$2.00 per share (based on the initial public offering price of \$4.00 per share).

Demand Notes. On March 6, 2024 and June 28, 2024, we issued demand promissory notes to a lender who was an investor in one of our prior convertible notes rounds in a principal amount of \$100,000 and \$150,000, respectively. The demand notes bear interest at a rate of 8% per annum and the principal plus all accrued interest is payable upon demand by such lender. If such notes are not paid on demand by us, interest will accrue at a rate of the lesser of 16% per annum and the highest rate of interest allowable under Maryland law.

As of August 14, 2024, we have repaid the demand notes in full.

BlinkBio. On August 19, 2020, we issued a convertible note with a principal amount of \$2,400,000 (the “BlinkBio Convertible Note”) to BlinkBio, Inc., which is a related party based on Dr. Goddard being our Chairman and as the Chairman and Chief Executive Officer of BlinkBio, in exchange for the entry into the license agreement. On March 15, 2021, the principal and unpaid accrued interest of \$100,000 of the BlinkBio Convertible Note converted into 1,302,082 shares of our Series A preferred stock and then distributed to BlinkBio stockholders. The BlinkBio Convertible Note had a conversion capitalization ceiling of \$19.2 million, which limited the price a noteholder must pay in a convertible note-to-common stock conversion occurrence. On February 9, 2024, the 1,302,082 shares of our Series A preferred stock were converted into 651,041 shares of common stock (on a post-split basis).

TEDCO Grant. In May 2021, we received the first of two tranches from TEDCO’s Rural & Underserved Business Recovery from Impact of Covid-19 (RUBRIC) Grant in the amount of \$50,000. In October 2021, we received the second tranche of \$50,000, which brought the total reimbursable grant amount to \$100,000. We are obligated to report on and pay to TEDCO 3% of their quarterly revenues for a five-year period following the reward date. Income from grants and investments are not considered revenues. Royalties due to TEDCO are capped at 150% of the amount of the award, or \$150,000. We have the option to eliminate the quarterly royalty obligation by making an advance payment prior to the end of the five-year period, in which case, we will receive a 10% reduction of the royalty cap percentage for each year prior to the expiration of the five-year reimbursement period that the grant is repaid in full. If we cease to meet eligibility requirements at any time, the reimbursement obligation will become due to TEDCO immediately; however, the discount for meeting the obligation will still apply.

Contractual Obligations and Other Commitments

We enter into contracts in the normal course of business with our CDMOs, CROs and other third parties to support preclinical research studies and testing and other development activities. These contracts are generally cancellable by us. Payments due upon cancellation consist only of payments for services provided or expenses incurred, including non-cancellable obligations of our service providers, up to the date of cancellation.

License Obligations and Research Services

Advaxis. In November 2020, we entered into an amended and restated development, license and supply agreement with Advaxis, Inc. (now Ayala Pharmaceuticals, Inc.) (“Advaxis”), a clinical-stage biotechnology company focused on the development and commercialization of proprietary *Lm* (*Listeria monocytogenes*)-LLO (Listeriolysin O) cancer immunotherapies. Pursuant to this agreement, Advaxis granted a license to us that allows us to utilize Advaxis’ ADXS-HER2 construct patents to develop and commercialize ADXS-HER2, our lead product candidate (OST-HER2). The agreement was subsequently amended in April 2021 to modify the payment amounts for Milestones 2 and 3 listed in the table below. Under the terms of the amended agreement, we are required to pay to Advaxis (i) a one-time, non-refundable payment of \$1,550,000 (the “License Commencement Payment”) and (ii) certain amounts based on the achievement of the milestones described in the payment schedule below. As of June 30, 2024, we paid to Advaxis a total of \$2,925,000, consisting of (i) the License Commencement Payment for Milestone 1 and (ii) \$1,375,000 for Milestone 2.

Payments towards the License Commencement Payment have been recorded as licensing expenses in our Statement of Operations and Comprehensive Loss for the year ended December 31, 2022. We expect to achieve Milestone 3 in March 2025. The payment schedule for milestones and corresponding payment amounts is set forth below.

Milestone	Milestone Payment
1. OST has secured funding of at least \$2,337,500, in the aggregate (paid)	License commencement payment: \$ 1,550,000
2. The earlier to occur of: (A) OST having secured at least \$8,000,000, in the aggregate, or (B) completion of the first Clinical Trial (paid)	\$ 1,375,000
3. The earlier to occur of: (A) receipt of Regulatory Approval from the FDA for the First Indication of the first Licensed Product or (B) initiation of the first Registrational Trial of the first Licensed Product in the Field	\$ 5,000,000
4. Cumulative Net Sales of all Licensed Products in excess of \$20,000,000	\$ 1,500,000
5. Cumulative Net Sales of all Licensed Products in excess of \$50,000,000	\$ 5,000,000
6. Cumulative Net Sales of all Licensed Products in excess of \$100,000,000	\$ 10,000,000

All milestone payments are non-creditable and non-refundable and are due and payable upon the achievement of the milestone, regardless of any failure by us to provide notice to Advaxis of such achievement.

In addition to the payments upon achievement of the milestones listed in the above payment schedule, we are required to pay to Advaxis (i) a percentage in the high single digits to low double digits of (a) upfront sublicense fees or (b) clinical or regulatory milestone payment amounts, paid by a sublicensee to us in consideration of a sublicense grant to such sublicensee, and (ii) a quarterly royalty of a percentage in the high single digits to low double digits of net sales of our products containing the ADXS-HER2 constructs.

BlinkBio. In August 2020, we entered into a licensing agreement with BlinkBio, Inc., a privately-held developer of drug conjugate therapies designed to facilitate the treatment of cancer. Pursuant to this agreement, BlinkBio granted a license to us that allows us to utilize BlinkBio's proprietary technology to develop, manufacture and commercialize certain of our products. BlinkBio granted us an exclusive license for tunable drug conjugates that are directed towards, binds to or modifies the folate receptor alpha and a co-exclusive license for tunable drug conjugates that are directed towards, binds to or modifies any target other than the folate receptor alpha, such as HER2.

Under the terms of the agreement, we are required to pay to BlinkBio (i) an upfront, non-refundable, non-creditable license fee of \$300,000 (the "Up-Front Fee"), (ii) a royalty of 6% of net sales of our products that were made using BlinkBio's proprietary technology, subject to potential reductions on such royalty, and (iii) certain amounts based on the achievement of the milestones described in the payment schedule below.

As of June 30, 2024, we had paid the Up-Front Fee. The payment schedule for milestones and corresponding payment amounts is set forth below.

Milestone Bearing Event	Milestone Payment
1. License Fee to utilize proprietary technology (paid)	Up-front fee + \$2.4 million Convertible Note
2. Commencement of a toxicology study commented pursuant to Good Laboratory Practices (under 21 CFR Part 58), such that any resulting positive data would be admissible to applicable Regulatory Authorities to support an IND (commonly referred to as "GLP-Tox")	\$ 375,000
3. Completion of a Phase I Clinical Trial	\$ 1,500,000
4. Completion of a Phase IIb Clinical Trial	\$ 2,500,000
5. Filing of an NDA, BLA or MAA registration (or the equivalent in any other territory around the world)	\$ 6,000,000
6. Regulatory Approval in the first of the United States, within the European Union or within the United Kingdom	\$ 12,000,000

We are required to make the above cash payments to BlinkBio within 30 days of the achievement of each milestone with respect to the first product to attain each such milestone, except that the first milestone only applies to our first product candidate. The aggregate amount of payments relating to milestones 2 through 6 payable thereunder cannot exceed \$22,375,000.

In connection with the license agreement, we also agreed to issue the BlinkBio Convertible Note. See "— Convertible Notes" above for more information on the BlinkBio Convertible Note.

George Clinical. In June 2020, we entered into a services agreement, as amended, with George Clinical, Inc., a clinical contract research organization. Pursuant to this agreement, we engaged George Clinical to use its clinical research services for our study entitled "An Open Label, Phase 2 Study of Maintenance Therapy with OST-HER2 after Resection of Recurrent Osteosarcoma." Under the terms of the agreement, we are required to pay to George Clinical certain fees described in the fee schedule below. The total new budget under the agreement is approximately \$2,436,928. For the six months ended June 30, 2024 and year ended December 31, 2023, we paid \$219,200 and \$921,300, respectively, to George Clinical. These payments have been recorded as research and development expenses in our Statement of Operations and Comprehensive Loss. The fee schedule for certain fees and corresponding payment amounts is set forth below.

George Clinical Payment Schedule	Payment Amount
1. Service Fee Advance (paid)	\$ 49,989
2. Service Fee Advance of \$212,335 minus the amount already paid, plus PTC Fee Advance of \$31,325 (paid)	\$ 193,671
3. Statistics Fees – 35% on Electronic Data Capture (EDC) Go Live Date	\$ 47,740
4. Statistics Fees – 35% on Development of SAP tables	\$ 47,740
5. Statistics Fees – 30% on Final Analysis	\$ 40,920
6. Service Fees – Remainder Due	Split monthly over course of study

George Clinical tracks and invoices us for the number of task units completed and pass-through costs are invoiced each month in arrears based on actual costs without mark-up. The PTC Fee Advance will be used to offset the first few months of invoices payable. As of June 30, 2024, the balance due to George Clinical was \$663,622.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to Notes to the Financial Statements appearing elsewhere in this report.

The JOBS Act

The JOBS Act 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 elected to avail ourselves of the extended transition period for complying with new or revised financial accounting standards.

We will remain an emerging growth company until the earliest of (i) the last day of our first fiscal year in which we have total annual gross revenues of \$1.235 billion or more; (ii) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC with at least \$700.0 million of outstanding equity securities held by non-affiliates; (iii) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the previous three years; or (iv) the last day of our fiscal year following the fifth anniversary of the date of the completion of our initial public offering.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

The Company’s management, including its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of June 30, 2024, that the disclosure controls and procedures are not effective due to lack of segregation of duties as a result of limited personnel and insufficient written policies and procedures for accounting, information technology and financial reporting.

There have not been any changes in the Company’s internal control over financial reporting that occurred during the first and second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any pending or threatened legal proceedings other than the arbitration proceeding described below.

On April 12, 2024, Noble Capital Markets, Inc. filed a Demand for Arbitration against us in JAMS, claiming that we breached the anti-dilution provision in the parties' advisory agreement by not issuing to Noble an additional 474,134 shares of our common stock and that we owe \$243,000 in damages for breach of the tail provision in the parties' placement agent agreement. Noble's claim of breach of the placement agent agreement was dismissed because the arbitration provision in the parties' advisory agreement did not apply to disputes related to the placement agent agreement. On July 2, 2024, the arbitrator denied Noble's request for emergency relief on its claim for breach of the parties' advisory agreement. Although we deny that Noble is entitled to any shares of our common stock or any monetary damages, to avoid the time and expense of further arbitration, we are actively engaged in settlement negotiations with Noble to resolve all disputes between us.

See also Note 6 to our financial statements contained in Item 1 of Part I of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

You should carefully consider the factors discussed under the section entitled "Risk Factors" in our Registration Statement on Form S-1 (File No. 333-279839), as amended, initially filed with the SEC on May 30, 2024, as such factors could materially affect our business, financial condition, and future results. The risks described in such registration statement are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may have a material adverse impact on our business, financial condition, or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities by the Issuer

From June 2023 to April 2024, we issued convertible notes in an aggregate principal amount of \$6,533,500 (the "Bridge Notes") to accredited investors in exchange for cash in an aggregate amount of \$6,533,500. The Bridge Notes bore interest at a rate of 6% per annum and had a maturity date of October 31, 2024. The Bridge Notes automatically converted into common stock at 50% of the price per share in our Next Equity Financing (which was our initial public offering), subject to a valuation ceiling of \$50 million. The Bridge Notes had a conversion price of \$2.00 per share (based on the initial public offering price of \$4.00 per share) and converted into 3,476,949 shares of our common stock.

In connection with the Bridge Notes, we agreed to issue an additional 626,004 shares of common stock (on a post-split basis) to the bridge investors, prorated based on such investor's investment amount, as an inducement for their investment in the Bridge Notes. Additionally, we issued to Noble Life Science Partners, a division of Noble Capital Markets, Inc., the placement agent for the Group D placement, warrants to purchase 50,000 shares of common stock at an exercise price of \$2.00 per share (the "Group D Warrants"), based on the initial public offering price of \$4.00 per share. The Group D Warrants may, at the option of the holder, be exercised in whole or part on a cashless basis. The Group D Warrants expire five years after the effective date of our anticipated initial public offering.

The issuances described above were not registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) thereof and Regulation D promulgated thereunder, which exempts transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and other instruments issued in such transactions. All recipients either received adequate information about the registrant or had access, through employment or other relationships, to such information.

Use of Proceeds

On July 31, 2024, our registration statement on Form S-1 (File No. 333-276350) was declared effective by the SEC for our initial public offering. At the closing of our initial public offering on August 2, 2024, we sold 1,600,000 shares of common stock at an initial public offering price of \$4.00 per share and received gross proceeds of \$6.4 million, which resulted in net proceeds to us of approximately \$6.0 million, after deducting underwriting discounts and commissions of approximately \$0.4 million. As of August 14, 2024, we estimate that we have used approximately \$2.9 million of the proceeds from our initial public offering for general corporate purposes, including to advance the development of OST-HER2 and OST-tADC. There has been no material change in the planned use of proceeds from that described in the final prospectus for our initial public offering filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act.

Item 6. Exhibits.

The following exhibits are filed with this Quarterly Report on Form 10-Q:

Exhibit No.	Description
3.1	<u>Third Amended and Restated Certificate of Incorporation of OS Therapies Incorporated (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
3.2	<u>Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of OS Therapies Incorporated (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
3.3	<u>Amended and Restated Bylaws of OS Therapies Incorporated (incorporated by reference to Exhibit 3.3 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
4.1	<u>Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
4.2	<u>Form of Representative's Warrant (incorporated by reference to Exhibit 4.2 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
4.3	<u>Form of Placement Agent Warrant (Group B Convertible Notes placement) (incorporated by reference to Exhibit 4.3 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
4.4	<u>Form of Placement Agent Warrant (Group C Convertible Notes placement) (incorporated by reference to Exhibit 4.4 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
4.5	<u>Form of Placement Agent Warrant (Group D Convertible Notes placement) (incorporated by reference to Exhibit 4.5 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.1	<u>Amended and Restated Development, License and Supply Agreement, dated as of November 13, 2020, by and between OS Therapies Incorporated and Advaxis, Inc. (now Ayala Pharmaceuticals, Inc.) (incorporated by reference to Exhibit 10.5 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.1.1	<u>First Amendment to Amended and Restated Development, License and Supply Agreement, dated as of April 23, 2021, between OS Therapies Incorporated and Advaxis, Inc. (now Ayala Pharmaceuticals, Inc.) (incorporated by reference to Exhibit 10.5.1 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.2	<u>License Agreement, dated as of August 19, 2020, by and between OS Therapies Incorporated and BlinkBio, Inc. (incorporated by reference to Exhibit 10.6 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.3#	<u>Employment Agreement, dated as of February 21, 2023, between OS Therapies Incorporated and Paul A. Romness, MPH (incorporated by reference to Exhibit 10.7 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.4#	<u>Employment Letter, dated June 23, 2020, between OS Therapies Incorporated and Robert G. Petit, Ph.D. (incorporated by reference to Exhibit 10.8 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.5#	<u>Employment Letter, dated January 1, 2023, between OS Therapies Incorporated and Christopher P. Acevedo (incorporated by reference to Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.6#	<u>Form of Indemnification Agreement between OS Therapies Incorporated and each of its directors (incorporated by reference to Exhibit 10.10 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the SEC on June 13, 2024).</u>
10.7#	<u>OS Therapies Incorporated 2023 Incentive Compensation Plan, as amended.</u>
31.1	<u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32*	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. § 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL: (i) Balance Sheets as of June 30, 2024 and December 31, 2023 (unaudited); (ii) Statements of Operations for the three and six months ended June 30, 2024 and 2023 (unaudited); (iii) Statements of Stockholders' Deficit for the three and six months ended June 30, 2024 and 2023 (unaudited); (iv) Statements of Cash Flows for the six months ended June 30, 2024 and 2023 (unaudited); and (v) Notes to the Financial Statements (unaudited).
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included as Exhibit 101).

* Furnished herewith.

Indicates a management contract or any compensatory plan, contract or arrangement.

SIGNATURES

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

OS THERAPIES INCORPORATED

Date: August 14, 2024

By: */s/ Paul Romness*

Paul Romness
Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2024

By: */s/ Christopher Acevedo*

Christopher Acevedo
Chief Financial Officer
(Principal Financial and Accounting Officer)

OS THERAPIES INCORPORATED
2023 INCENTIVE COMPENSATION PLAN

OS THERAPIES INCORPORATED

2023 INCENTIVE COMPENSATION PLAN

1. *Purpose.* The purpose of the OS THERAPIES 2023 INCENTIVE COMPENSATION PLAN (the “**Plan**”) is to assist OS Therapies Incorporated, a Delaware corporation (the “**Company**”), and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company’s shareholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of shareholder value.

2. *Definitions.* For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof.

(a) “**Award**” means any Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award, Share granted as a bonus or in lieu of another award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest, granted to a Participant under the Plan.

(b) “**Award Agreement**” means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.

(c) “**Beneficiary**” means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant’s death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant’s death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(d) “**Beneficial Owner**” shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(e) “**Board**” means the Company’s Board of Directors.

(f) “**Cause**” shall, with respect to any Participant have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, “Cause” shall have the equivalent meaning or the same meaning as “cause” or “for cause” set forth in any employment, consulting, or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or a Related Entity, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or a Related Entity, if any, (iii) any violation or breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related Entity, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company or a Related Entity, (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant’s work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Committee of whether the Participant’s Continuous Service was terminated by the Company for “Cause” shall be final and binding for all purposes hereunder.

(g) “**Change in Control**” means a Change in Control as defined with related terms in Section 9(b) of the Plan.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) “**Committee**” means a committee designated by the Board to administer the Plan; provided, however, that if the Board fails to designate a committee or if there are no longer any members on the committee so designated by the Board, then the Board shall serve as the Committee. The Committee shall consist of at least two directors, and each member of the Committee shall be (i) a “non-employee director” within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by “non-employee directors” is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, (ii) an “outside director” within the meaning of Section 162(m) of the Code and (iii) “Independent.”

(j) “**Consultant**” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(k) “**Continuous Service**” means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(l) “**Covered Employee**” means an Eligible Person who is a “covered employee” within the meaning of Section 162(m)(3) of the Code, or any successor provision thereto.

(m) “**Deferred Stock**” means a right to receive Shares, including Restricted Stock, cash or a combination thereof, at the end of a specified deferral period.

(n) “**Deferred Stock Award**” means an Award of Deferred Stock granted to a Participant under Section 6(e) hereof.

(o) “**Director**” means a member of the Board or the board of directors of any Related Entity.

(p) “**Disability**” means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(q) “**Discontinued Option**” means any Option awarded under Section 6(b) hereof with an exercise price that is less than the Fair Market Value of a Share on the date of grant.

(r) “**Discounted Stock Appreciation Right**” means any Stock Appreciation Right awarded under Section 6(c) hereof with an exercise price that is less than the Fair Market Value of a Share on the date of grant.

(s) “**Dividend Equivalent**” means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(t) “**Effective Date**” means the effective date of the Plan, which shall be April 14, 2023.

(u) “**Eligible Person**” means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only Employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

(v) “**Employee**” means any person, including an officer or Director, who is an employee of the Company or any Related Entity. The payment of a director’s fee by the Company or a Related Entity shall not be sufficient to constitute “employment” by the Company.

(w) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(x) “**Fair Market Value**” means the fair market value of Shares, Awards or other property as determined by the Committee, or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a Share as of any given date shall be the closing sale price per Share reported on a consolidated basis for stock listed on the principal stock exchange or market on which Shares are traded on the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported.

(y) “**Good Reason**” shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, “Good Reason” shall have the equivalent meaning or the same meaning as “good reason” or “for good reason” set forth in any employment, consulting or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the assignment to the Participant of any duties inconsistent in any material respect with the Participant’s position, authority, duties or responsibilities as assigned by the Company or a Related Entity, or any other action by the Company or a Related Entity which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any action not taken in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant, or any action taken with the consent of the Participant; or (ii) any material failure by the Company or a Related Entity to comply with its obligations to the Participant as agreed upon, other than any failure not occurring in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant.

(z) “**Incentive Stock Option**” means any Option intended to be designated as an “incentive stock option” within the meaning of Section 422 of the Code or any successor provision thereto.

(aa) “**Independent**,” when referring to either the Board or members of the Committee, shall have the same meaning as used in the rules of the NYSE American or any national securities exchange on which any securities of the Company are listed for trading and, if not quoted or listed for trading, by the rules of the NYSE American.

(bb) “**Incumbent Board**” means the Incumbent Board as defined in Section 9(b)(ii) of the Plan.

(cc) “**Option**” means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(dd) “**Optionee**” means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(ee) “**Option Proceeds**” means the cash actually received by the Company for the exercise price in connection with the exercise of Options that are exercised after the Effective Date of the Plan, plus the maximum tax benefit that could be realized by the Company as a result of the exercise of such Options, which tax benefit shall be determined by multiplying (i) the amount that is deductible for Federal income tax purposes as a result of any such option exercise (currently, equal to the amount upon which the Participant’s withholding tax obligation is calculated), times (ii) the maximum Federal corporate income tax rate for the year of exercise. With respect to Options, to the extent that a Participant pays the exercise price and/or withholding taxes with Shares, Option Proceeds shall not be calculated with respect to the amounts so paid in Shares.

(ff) “**Other Stock-Based Awards**” means Awards granted to a Participant under Section 6(i) hereof.

(gg) “**Outside Director**” means a member of the Board who is not an Employee.

(hh) “**Participant**” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(ii) “**Performance Award**” shall mean any Award of Performance Shares or Performance Units granted pursuant to Section 6(h).

(jj) “**Performance Period**” means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(kk) “**Performance Share**” means any grant pursuant to Section 6(h) of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(ll) “**Performance Unit**” means any grant pursuant to Section 6(h) of a unit valued by reference to a designated amount of property (including cash) other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(mm) “**Person**” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a “group” as defined in Section 13(d) thereof.

(nn) “**Related Entity**” means any Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by Board in which the Company or a Subsidiary holds a substantial ownership interest, directly or indirectly.

(oo) “**Restricted Stock**” means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(pp) “**Restricted Stock Award**” means an Award granted to a Participant under Section 6(d) hereof.

(qq) “**Rule 16b-3**” means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(rr) “**Shareholder Approval Date**” means the date on which this Plan is approved shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed on quoted, and other laws, regulations and obligations of the Company applicable to the Plan.

(ss) “**Shares**” means the shares of common stock of the Company, par value \$0.001 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 10(c) hereof.

(tt) “**Stock Appreciation Right**” means a right granted to a Participant under Section 6(c) hereof.

(uu) “**Subsidiary**” means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(vv) “**Substitute Awards**” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines.

3. *Administration.*

(a) *Authority of the Committee.* The Plan shall be administered by the Committee, except to the extent the Board elects to administer the Plan, in which case the Plan shall be administered by only those directors who are Independent Directors, in which case references herein to the “Committee” shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of other Eligible Persons or Participants.

(b) *Manner of Exercise of Committee Authority.* The Committee, and not the Board, shall exercise sole and exclusive discretion on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Related Entities, Participants, Beneficiaries, transferees under Section 10(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as “performance-based compensation” under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) *Limitation of Liability.* The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. *Shares Subject to Plan.*

(a) *Limitation on Overall Number of Shares Available for Delivery Under Plan.* Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be 4,000,000, all of which may be Incentive Stock Options. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) *Application of Limitation to Grants of Award.* No Award may be granted if the number of Shares to be delivered in connection with such an Award or, in the case of an Award relating to Shares but settled only in cash (such as cash-only Stock Appreciation Rights), the number of Shares to which such Award relates, exceeds the number of Shares remaining available for delivery under the Plan, minus the number of Shares deliverable in settlement of or relating to then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

(c) *Availability of Shares Not Delivered Under Awards and Adjustments to Limits.*

(i) If any Shares subject to an Award are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award or award, the Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for Awards under the Plan, subject to Section 4(c)(v) below.

(ii) In the event that any Option or other Award granted hereunder is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or withholding tax liabilities arising from such option or other award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then only the number of Shares issued net of the Shares tendered or withheld shall be counted for purposes of determining the maximum number of Shares available for grant under the Plan.

(iii) Shares reacquired by the Company on the open market using Option Proceeds shall be available for Awards under the Plan. The increase in Shares available pursuant to the repurchase of Shares with Option Proceeds shall not be greater than the amount of such proceeds divided by the Fair Market Value of a Share on the date of exercise of the Option giving rise to such Option Proceeds.

(iv) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any period. Additionally, in the event that a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(v) Any Shares that again become available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share.

(vi) Notwithstanding anything in this Section 4(c) to the contrary and solely for purposes of determining whether Shares are available for the delivery of Incentive Stock Options, the maximum aggregate number of shares that may be granted under this Plan shall be determined without regard to any Shares restored pursuant to this Section 4(c) that, if taken into account, would cause the Plan to fail the requirement under Code Section 422 that the Plan designate a maximum aggregate number of shares that may be issued.

5. Eligibility; Per-Person Award Limitations. Awards may be granted under the Plan only to Eligible Persons. Subject to adjustment as provided in Section 10(c), in any fiscal year of the Company during any part of which the Plan is in effect, no Participant may be granted (i) Options or Stock Appreciation Rights with respect to more than 500,000 Shares or (ii) Restricted Stock, Deferred Stock, Performance Shares and/or Other Stock-Based Awards with respect to more than 500,000 Shares. In addition, the maximum dollar value payable to any one Participant with respect to Performance Units is (x) \$750,000 with respect to any 12-month Performance Period, and (y) with respect to any Performance Period that is more than 12 months, \$750,000 multiplied by the number of full years in the Performance Period.

6. *Specific Terms of Awards.*

(a) *General.* Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of applicable law, no consideration other than services may be required for the grant (but not the exercise) of any Award.

(b) *Options.* The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) *Exercise Price.* Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not, in the case of Incentive Stock Options, be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value a Share on the date such Incentive Stock Option is granted.

(ii) *Time and Method of Exercise.* The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares, other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of the Sarbanes-Oxley Act of 2002, or any rule or regulation adopted thereunder or any other applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) *Incentive Stock Options.* The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) during any calendar year exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed \$100,000.

(c) *Stock Appreciation Rights.* The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a “Tandem Stock Appreciation Right”), or without regard to any Option (a “Freestanding Stock Appreciation Right”), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) *Right to Payment.* A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right.

(ii) *Other Terms.* The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(iii) *Tandem Stock Appreciation Rights.* Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

(d) *Restricted Stock Awards.* The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) *Grant and Restrictions.* Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan, covering a period of time specified by the Committee (the "Restriction Period"). The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the Restriction Period, subject to Section 10(b) below, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) *Dividends and Splits.* As a condition to the grant of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a Share of Restricted Stock be automatically reinvested in additional Shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

(e) *Deferred Stock Award.* The Committee is authorized to grant Deferred Stock Awards to any Eligible Person on the following terms and conditions:

(i) *Award and Restrictions.* Satisfaction of a Deferred Stock Award shall occur upon expiration of the deferral period specified for such Deferred Stock Award by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, a Deferred Stock Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Deferred Stock Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Deferred Stock, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Deferred Stock Award, a Deferred Stock Award carries no voting or dividend or other rights associated with Share ownership.

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Deferred Stock Award), the Participant's Deferred Stock Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Deferred Stock Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Deferred Stock Award.

(iii) *Dividend Equivalents.* Unless otherwise determined by the Committee at date of grant, any Dividend Equivalents that are granted with respect to any Deferred Stock Award shall be either (A) paid with respect to such Deferred Stock Award at the dividend payment date in cash or in Shares of unrestricted stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock Award and the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect.

(f) *Bonus Stock and Awards in Lieu of Obligations.* The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

(g) *Dividend Equivalents.* The Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify.

(h) *Performance Awards.* The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 8 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 9 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 8(b), or in the case of an Award that the Committee determines shall not be subject to Section 8 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

(i) *Other Stock-Based Awards.* The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration (including, without limitation, loans from the Company or a Related Entity provided that such loans are not in violation of the Sarbanes Oxley Act of 2002, or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

7. Certain Provisions Applicable to Awards.

(a) *Stand-Alone, Additional, Tandem and Substitute Awards.* Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Deferred Stock or Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Stock minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price “discounted” by the amount of the cash compensation surrendered).

(b) *Term of Awards.* The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code).

(c) *Form and Timing of Payment Under Awards; Deferrals.* Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. Any installment or deferral provided for in the preceding sentence shall, however, be subject to the Company’s compliance with the provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations adopted by the U.S. Securities and Exchange Commission thereunder, and all applicable rules of the New York Stock Exchange or any national securities exchange on which the Company’s securities are listed for trading and, if not listed for trading on either the New York Stock Exchange or a national securities exchange, then the rules of the New York Stock Exchange. The settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Installment or deferred payments may be required by the Committee (subject to Section 10(e) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) *Exemptions from Section 16(b) Liability.* It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).

8. *Code Section 162(m) Provisions.*

(a) *Covered Employees.* The Committee, in its discretion, may determine at the time an Award is granted to an Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, that the provisions of this Section 8 shall be applicable to such Award.

(b) *Performance Criteria.* If an Award is subject to this Section 8, then the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being “substantially uncertain.” One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the Company and/or a Related Entity (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; and (13) debt reduction. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor’s 500 Stock Index or a group of companies that are comparable to the Company. The Committee may exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including without limitation (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company’s management, or (iii) a change in accounting standards required by generally accepted accounting principles.

(c) *Performance Period; Timing For Establishing Performance Goals.* Achievement of performance goals in respect of such Performance Awards shall be measured over a Performance Period no shorter than 12 months and no longer than five years, as specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any Performance Period applicable to such Performance Awards, or at such other date as may be required or permitted for “performance-based compensation” under Code Section 162(m).

(d) *Adjustments.* The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 8, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 8. The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) *Committee Certification.* No Participant shall receive any payment under the Plan unless the Committee has certified, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as “performance based compensation” under Code Section 162(m).

9. *Change in Control.*

(a) *Effect of “Change in Control.”* Subject to Section 9(a)(iv), and if and only to the extent provided in the Award Agreement, or to the extent otherwise determined by the Committee, upon the occurrence of a “Change in Control,” as defined in Section 9(b):

(i) Any Option or Stock Appreciation Right that was not previously vested and exercisable as of the time of the Change in Control, shall become immediately vested and exercisable, subject to applicable restrictions set forth in Section 10(a) hereof.

(ii) Any restrictions, deferral of settlement, and forfeiture conditions applicable to a Restricted Stock Award, Deferred Stock Award or an Other Stock-Based Award subject only to future service requirements granted under the Plan shall lapse and such Awards shall be deemed fully vested as of the time of the Change in Control, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof.

(iii) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, the Committee may, in its discretion, deem such performance goals and conditions as having been met as of the date of the Change in Control.

(iv) Notwithstanding the foregoing, if in the event of a Change in Control the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, then each outstanding Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall not be accelerated as described in Sections 9(a)(i), (ii) and (iii). For the purposes of this Section 9(a)(iv), an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall be considered assumed or substituted for if following the Change in Control the award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(b) *Definition of "Change in Control."* Unless otherwise specified in an Award Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(i) The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this Section 9(b), the following acquisitions shall not constitute or result in a Change of Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date 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 occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

10. General Provisions.

(a) *Compliance With Legal and Other Requirements.* The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Shares or other Company securities are listed or quoted, or compliance with any other obligation of the Company, as the Committee, may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) *Limits on Transferability; Beneficiaries.* No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Adjustments.*

(i) *Adjustments to Awards.* In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer such that a substitution, exchange, or adjustment is determined by the Committee to be appropriate, then the Committee shall, in such manner as it may deem equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate.

(ii) *Adjustments in Case of Certain Corporate Transactions.* In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control, any outstanding Awards may be dealt with in accordance with any of the following approaches, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (a) the continuation of the outstanding Awards by the Company, if the Company is a surviving corporation, (b) the assumption or substitution for, as those terms are defined in Section 9(b)(iv) hereof, the outstanding Awards by the surviving corporation or its parent or subsidiary, (c) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (d) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). The Committee shall give written notice of any proposed transaction referred to in this Section 10(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his exercise of any Awards upon the consummation of the transaction.

(iii) *Other Adjustments.* The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards, or performance goals relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights, Performance Awards granted pursuant to Section 8(b) hereof to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder.

(d) *Taxes.* The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(e) *Changes to the Plan and Awards.* The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or Code Section 162(m)) or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted), and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under such Award.

(f) *Limitation on Rights Conferred Under Plan.* Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company unless and until the Participant is duly issued or transferred Shares in accordance with the terms of an Award.

(g) *Unfunded Status of Awards; Creation of Trusts.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(h) *Code Section 409A.* It is intended that any amounts payable under this Plan shall either be exempt from Section 409A of the Code or shall comply with Section 409A (including Treasury regulations and other published guidance related thereto) so as not to subject the Employee to payment of any other additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Plan shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Employee. Notwithstanding the foregoing, the Company makes no representations regarding the tax treatment of any payments hereunder, and the Employee shall be responsible for any and all applicable taxes on the severance payments provided by the Plan.

(i) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Section 162(m) of the Code.

(j) *Payments in the Event of Forfeitures; Fractional Shares.* Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(k) *Governing Law.* The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to principles of conflict of laws, and applicable federal law.

(l) *Non-U.S. Laws.* The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiaries may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(m) *Plan Effective Date and Shareholder Approval; Termination of Plan.* The Plan shall become effective on the Effective Date, subject to subsequent approval, within 12 months of its adoption by the Board, by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event the shareholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the Effective Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

Adopted April 14, 2023

CERTIFICATION

I, Paul Romness, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OS Therapies Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

/s/ Paul Romness

Paul Romness
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Christopher Acevedo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OS Therapies Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

/s/ Christopher Acevedo

Christopher Acevedo
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

I, Paul Romness, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of OS Therapies Incorporated for the quarter ended June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of OS Therapies Incorporated at the dates and for the periods indicated.

I, Christopher Acevedo, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of OS Therapies Incorporated for the quarter ended June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of OS Therapies Incorporated at the dates and for the periods indicated.

By: /s/ Paul Romness
Paul Romness
Chief Executive Officer
(Principal Executive Officer)
Date: August 14, 2024

By: /s/ Christopher Acevedo
Christopher Acevedo
Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: August 14, 2024

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Quarterly Report on Form 10-Q of OS Therapies Incorporated for the quarter ended June 30, 2024 or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to OS Therapies Incorporated and will be retained by OS Therapies Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.