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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

or

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

Commission File Number 000-50549

Oncternal Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**62-1715807**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

12230 El Camino Real, Suite 230
San Diego, CA 92130
(858) 434-1113
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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, $0.001 par value	ONCT	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒

As of May 2, 2024, the registrant had 2,959,645 shares of common stock outstanding.

Oncternal Therapeutics, Inc.

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Oncternal Therapeutics, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except par value)

	March 31, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 6,396	$ 6,697
Short-term investments	20,631	27,558
Prepaid and other	1,477	1,804
Total current assets	28,504	36,059
Right-of-use asset	225	258
Other assets	412	412
Total assets	$ 29,141	$ 36,729
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,462	$ 1,148
Accrued liabilities	4,475	3,877
Lease, current	179	173
Total current liabilities	6,116	5,198
Deferred compensation	—	1,334
Lease, net of current	99	145
Total liabilities	6,215	6,677
Commitments and contingencies (Note 4)		
Preferred stock, $0.001 par value, authorized shares – 5,000 at March 31, 2024 and December 31, 2023; issued shares – none	—	—
Common stock, $0.001 par value; authorized shares – 120,000; issued and outstanding shares – 2,960 and 2,948 at March 31, 2024 and December 31, 2023, respectively	3	3
Additional paid-in capital	229,098	227,825
Accumulated comprehensive income (loss)	(8)	3
Accumulated deficit	(206,167)	(197,779)
Total stockholders' equity	22,926	30,052
Total liabilities and stockholders' equity	$ 29,141	$ 36,729

See accompanying notes.

Oncternal Therapeutics, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited; in thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Grant revenue	$ 569	$ 203
Operating expenses:		
Research and development	6,059	9,031
General and administrative	3,289	3,315
Total operating expenses	9,348	12,346
Loss from operations	(8,779)	(12,143)
Interest income	391	656
Net loss	$ (8,388)	$ (11,487)
Comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities, net	(11)	2
Comprehensive loss	$ (8,399)	$ (11,485)
Net loss per share, basic and diluted	$ (2.83)	$ (3.93)
Weighted-average shares outstanding, basic and diluted	2,959	2,926

See accompanying notes.

Oncternal Therapeutics, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (8,388)	$ (11,487)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,360	1,885
Accretion of discounts on short-term investments	(308)	(441)
Non-cash lease expense	33	37
Changes in operating assets and liabilities:		
Prepaid and other assets	327	925
Accounts payable	314	(953)
Accrued liabilities	(801)	(1,204)
Deferred compensation	65	306
Change in lease liability	(40)	(37)
Net cash used in operating activities	(7,438)	(10,969)
Cash flows from investing activities		
Purchases of available-for-sale securities	(10,026)	(22,048)
Maturities of available-for-sale securities	17,250	6,000
Net cash provided by (used in) investing activities	7,224	(16,048)
Cash flows from financing activities		
Proceeds from issuance of common stock, net	—	1,224
Repurchases of common stock for tax withholding obligations	(87)	(105)
Net cash provided by (used in) financing activities	(87)	1,119
Net decrease in cash and cash equivalents	(301)	(25,898)
Cash and cash equivalents at beginning of period	6,697	37,142
Cash and cash equivalents at end of period	$ 6,396	$ 11,244

See accompanying notes.

Oncternal Therapeutics, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited; in thousands)

	Three Months Ended March 31, 2024					
	Common Stock		Additional Paid-In	Accumulated Comprehensive Income (Loss)	Accumulated	Total Stockholders'
	Shares	Amount	Capital		Deficit	Equity
Balance at December 31, 2023	2,948	$ 3	$ 227,825	$ 3	$ (197,779)	$ 30,052
Issuance of common stock upon vesting of restricted stock units	19	—	—	—	—	—
Shares repurchased for settlement of minimum statutory tax withholdings	(7)	—	(87)	—	—	(87)
Unrealized loss on available-for-sale securities	—	—	—	(11)	—	(11)
Stock-based compensation	—	—	1,360	—	—	1,360
Net loss	—	—	—	—	(8,388)	(8,388)
Balance at March 31, 2024	2,960	$ 3	$ 229,098	$ (8)	$ (206,167)	$ 22,926

	Three Months Ended March 31, 2023					
	Common Stock		Additional Paid-In	Accumulated Comprehensive Income (Loss)	Accumulated	Total Stockholders'
	Shares	Amount	Capital		Deficit	Equity
Balance at December 31, 2022	2,874	$ 3	$ 219,257	$ 9	$ (158,300)	$ 60,969
Issuance of common stock upon vesting of restricted stock units	10	—	—	—	—	—
Shares repurchased for settlement of minimum statutory tax withholdings	(4)	—	(105)	—	—	(105)
Issuance of common stock, net of issuance cost of $38	56	—	1,224	—	—	1,224
Unrealized gain on available-for-sale securities	—	—	—	2	—	2
Stock-based compensation	—	—	1,885	—	—	1,885
Net loss	—	—	—	—	(11,487)	(11,487)
Balance at March 31, 2023	2,936	$ 3	$ 222,261	$ 11	$ (169,787)	$ 52,488

See accompanying notes.

1. Description of Business, Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

Oncternal Therapeutics, Inc. (the "Company" or "Oncternal"), formerly known as GTx, Inc., was incorporated in Tennessee in September 1997 and reincorporated in Delaware in 2003 and is based in San Diego, California. The Company is a clinical-stage biopharmaceutical company focused on the development of novel oncology therapies for the treatment of cancers with critical unmet medical need. The Company's clinical pipeline includes ONCT-534, a dual-action androgen receptor inhibitor product candidate for the treatment of castration-resistant prostate and other androgen receptor-driven cancers and ONCT-808, a CAR T (chimeric antigen receptor T-cells) product candidate that targets ROR1, and zilovertamab, a humanized monoclonal antibody that binds to ROR1. Oncternal's program activities previously included ONCT-216, an investigational small molecule designed to inhibit the E26 Transformation Specific ("ETS") family of oncoproteins.

Principles of Consolidation

The condensed consolidated financial statements (the "financial statements") include the accounts of the Company and its wholly-owned subsidiaries, Oncternal Oncology, Inc. and Oncternal, Inc. All intercompany accounts and transactions have been eliminated in the preparation of the financial statements.

Going Concern

The financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. From inception, the Company has devoted substantially all of its efforts to drug discovery and development and conducting preclinical studies and clinical trials. The Company has a limited operating history and the sales and income potential of the Company's business and market are unproven. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company's cost structure.

As of March 31, 2024, the Company had $27.0 million in cash, cash equivalents, and short-term investments, no debt and an accumulated deficit of $206.2 million. From its inception, the Company has incurred recurring operating losses and negative cash flows from operations. The Company has concluded that the balance of cash, cash equivalents and short-term investments will not be sufficient to fund its planned expenditures and meet its obligations for the twelve months following the financial statement issuance date without raising additional funding or making changes to its operating plans or programs to reduce expenses. As a result, there is substantial doubt about the Company's ability to continue as a going concern for twelve months following the issuance date of these financial statements. The financial statements have been prepared assuming the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

The Company expects to continue to incur net losses for the foreseeable future and believes it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company plans to continue to fund its losses from operations and capital funding needs through a combination of public or private equity or debt offerings or other sources, including potential collaborations, strategic alliances and other similar licensing arrangements in both the short term and long term. If the Company is unable to secure adequate additional funding, the Company may be forced to make reductions in spending, including potentially delaying, scaling back or eliminating certain of its pipeline development programs, extend payment terms with suppliers, or liquidate assets where possible. Any of these actions could materially harm the Company's business, results of operations and future prospects.

As of April 2, 2024, the Company's at-the-market ("ATM") equity offering program expired. Through March 31, 2024, the Company had sold 457,342 shares of common stock for net proceeds of $10.8 million under the ATM program.

The Company's ability to obtain additional financing (including through collaborating and licensing arrangements) will depend on a number of factors, including, among others, its ability to generate positive data from its clinical trials and preclinical studies, the condition of the capital markets and the other risks, many of which are dependent on factors outside of its control. There can be no assurance as to the availability or terms upon which such financing and capital might be available in the future.

Nasdaq Listing and Reverse Stock Split

On April 4, 2023, the Company received a written notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that because the closing bid price for the Company's common stock had closed below $1.00 per

share for 30 consecutive business days, the Company no longer complied with the minimum bid price requirement pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Requirement").

On January 8, 2024, the Company effected a 1-for-20 reverse stock split of its issued and outstanding common stock (the "Reverse Stock Split"). As a result of the Reverse Stock Split, the Company regained compliance with the Nasdaq listing rules. Each of the Company's shareholders received one new share of common stock for every 20 shares such shareholder held immediately prior to the effective time of the Reverse Stock Split. The Reverse Stock Split affected all the Company's issued and outstanding shares of common stock equally. The par value and authorized shares of the Company's common stock was not adjusted as a result of the Reverse Stock Split. The Reverse Split also affected the Company's outstanding common stock options and warrants, and resulted in the shares underlying such instruments being reduced and the exercise price being increased proportionately. Unless otherwise noted, all common stock shares, common stock per share data, common stock options and warrants included in these financial statements, including the exercise price of such equity instruments, as applicable, have been retrospectively adjusted to reflect the effect of the Reverse Stock Split for all periods presented.

Basis of Presentation

The accompanying interim financial statements are unaudited. The unaudited financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and with generally accepted accounting principles in the United States of America ("GAAP"). These unaudited financial statements have been prepared on the same basis as the audited, consolidated financial statements and include all adjustments, consisting of only normal recurring accruals, which in the opinion of management are necessary to present fairly the Company's financial position as of the interim date and results of operations for the interim periods presented. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ materially from those estimates. These unaudited financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023, filed with the SEC on its Annual Report on Form 10-K on March 7, 2024. The results presented in these unaudited financial statements are not necessarily indicative of the results expected for the full fiscal year or any other interim period or any future year or period.

Use of Estimates

The Company's financial statements are prepared in accordance with GAAP. The preparation of the financial statements and accompanying notes requires the Company to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant estimates consist of those used to determine accruals for clinical trial and research and development costs. Although these estimates are based on the Company's knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of Level 1 financial instruments in the fair value hierarchy (see Note 6 – Fair Value) and include cash in readily available checking accounts, money market accounts and commercial paper.

Short-term Investments

Short-term investments consist of U.S. treasury notes and bills, certificates of deposit, commercial paper and U.S. government sponsored enterprise securities with maturities of less than one year from the balance sheet date and are debt securities considered to be Level 1 and Level 2 financial instruments in the fair value hierarchy (see Note 6 – Fair Value). The Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. The Company has classified all of its marketable securities at March 31, 2024 and December 31, 2023 as "available-for-sale" pursuant to ASC 320 Investments – Debt and Equity Securities. The Company records available-for-sale securities at fair value as determined by prices for identical or similar securities, with the unrealized gains and losses included as a separate component of accumulated comprehensive income (loss). In accordance with policy, the Company does not invest in or hold equity securities in its investment portfolio.

The Company adjusts the cost of available-for-sale debt securities for amortization of premiums or accretion of discounts to maturity. The Company includes interest and dividends on securities classified as available-for-sale in interest income. Such amortization and accretion are included in interest income. The cost of securities sold is based on the specific identification method. Realized gains or losses on available-for-sale securities are determined using the specific identification method and net realized gains and losses are included in interest income. The Company records unrealized gains and losses on available-for-sale marketable securities as a component of comprehensive income (loss) within the statements of operations and comprehensive loss and as a separate component of stockholders' equity on the balance sheets.

The Company elected the practical expedient to exclude the applicable accrued interest from both the fair value and amortized costs basis of available-for-sale securities for purposes of identifying and measuring an impairment. Accrued interest receivable on available-for-sale securities is recorded in short-term investments in the accompanying balance sheets. The Company's accounting policy is to not measure an allowance for credit loss for accrued interest receivable and to write-off any uncollectible accrued interest receivable as a reversal of interest income in a timely manner, which the Company considers to be in the period in which the Company determines the accrued interest will not be collected.

The Company evaluates short-term investments for other-than-temporary impairment at the balance sheet date. Factors considered in determining whether a loss is other-than temporary include how significant the decline in value is as a percentage of the original cost, the length of time and extent to which fair value has been less than the cost basis, the financial condition of the issuer, and the Company's intent and ability to hold the investment until recovery of its amortized cost basis. The Company intends, and has the ability, to hold any investments in unrealized loss positions until their amortized cost basis has been recovered. As of March 31, 2024, there were no impairment charges on short-term investments.

The Company obtains the fair value of its available-for-sale marketable securities from a professional pricing service. The fair values of available-for-sale marketable securities are validated by comparing the fair values reported by the professional pricing service to quoted market prices or to fair values obtained from the custodian bank. The service provider values the securities using a hierarchical security pricing model that relies primarily on valuations provided by an industry-recognized valuation service or mathematical calculations. Such valuations may be based on trade prices in active markets for identical assets or liabilities (Level 1 inputs) or valuation models using inputs that are observable either directly or indirectly (Level 2 inputs), such as quoted prices for similar assets or liabilities, yield curves, credit spreads, current market and contractual prices for the underlying instruments or debt, as well as other relevant economic measures.

Deferred Compensation

Deferred compensation represents the accrual of retention bonuses for certain executives and certain other members of senior management. The retention bonuses were entered into in connection with the waiver of annual cash performance bonuses of such personnel for the year ended December 31, 2023 and a temporary reduction of the chief executive officer's salary from April 2023 through December 2024.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents and short-term investments. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances due to the financial position of the depository institution in which those deposits are held. Additionally, the Company established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity.

Research and Development Expenses and Accruals

Research and development expenses consist of costs incurred for the Company's own and for sponsored and collaborative research and development activities. Research and development costs are expensed as incurred and include manufacturing process and development costs, costs associated with preclinical studies and clinical trials, regulatory and medical affairs activities, quality assurance activities, salaries and benefits, including stock-based compensation, fees paid to third-party consultants, license fees and overhead.

The Company has entered into various research and development contracts with research institutions, clinical research organizations, clinical manufacturing organizations and other companies. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and payments made in advance of performance are reflected in the accompanying balance sheets as prepaid expenses and other assets or accrued liabilities. The Company records accruals for estimated costs incurred for ongoing research and development activities and all clinical trial expenses are included in research and development expenses. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the services, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates may be made in determining the prepaid or accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates.

Fair Value Measurements

The accounting guidance defines fair value, establishes a consistency framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring basis or nonrecurring basis. Fair value is defined as an exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance establishes a three-tier fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These tiers are based on the source of the inputs and are as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's financial instruments include cash, cash equivalents, short-term investments, prepaid expenses and other assets, accounts payable, accrued expenses, and accrued compensation. The carrying amounts of the Company's current financial assets and liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments. The Company has short-term investments that are measured at fair value on a recurring basis. No transfers between levels have occurred during the periods presented (see Note 6).

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for potentially dilutive securities and adjusted for the weighted-average number of common shares outstanding that are subject to repurchase. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock and dilutive common stock equivalents outstanding for the period determined using the treasury-stock and if-converted methods. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities would be antidilutive.

Potentially dilutive securities not included in the calculation of diluted net loss per share, because to do so would be anti-dilutive, are as follows (in common stock equivalent shares):

	March 31,	
	2024	**2023**
Warrants to purchase common stock	170,521	170,521
Common stock options	716,248	587,406
Restricted stock unit awards	—	38,147
Total	886,769	796,074

Accounting Standards Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures (Topic 280), which intends to improve financial reporting primarily through enhanced disclosures about significant segment expenses. Topic 280 includes amendments which a) introduce a new requirement to disclose significant segment expenses regularly provided to the chief operating decision maker(CODM), b) extend certain annual disclosures to interim periods, c) clarify single reportable segment entities must apply ASC 280 in its entirety, d) permit more than one measure of segment profit or loss to be reported under certain conditions, and e) require disclosure of the title and position of the CODM. This update is effective for all public entities beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of this guidance on its financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Tax – Improvements to Income Tax Disclosures, which intends to improve financial reporting primarily through enhanced disclosures about significant segment expenses. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. This update is effective for all public entities beginning after December 15, 2024. The Company is currently evaluating the impact of this guidance on its financial statements.

2. Balance Sheet Details

Prepaid and other consist of the following:

	March 31, 2024	December 31, 2023
Research and development	$ 123	$ 312
Clinical trials	212	294
Insurance	229	478
Other prepaid expenses	196	88
Related party receivable (see Note 4)	139	139
Grant and other receivable	578	493
	$ 1,477	$ 1,804

Accrued liabilities consist of the following:

	March 31, 2024	December 31, 2023
Research and development	$ 694	$ 146
Clinical trials	935	2,018
Legal fees	175	134
Compensation	1,256	1,579
Deferred compensation	1,399	—
Other	16	—
	$ 4,475	$ 3,877

3. Short-term Investments

The Company invests in available-for-sale marketable securities consisting of money market funds, commercial paper, certificates of deposit, U.S. Treasury securities and U.S. government sponsored enterprise securities.

Available-for-sale marketable securities with original maturities of more than three months from the date of purchase as of March 31, 2024 and December 31, 2023 have been classified as short-term investments and are measured at a fair value on a recurring basis, and were as follows:

		As of March 31, 2024			
	Maturity (in years)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Short-term investments:					
U.S. Treasury debt securities	1 or less	$ 19,649	$ —	$ (7)	$ 19,642
Commercial Paper	1 or less	990	—	(1)	989
Total short-term investments		$ 20,639	$ —	$ (8)	$ 20,631

		As of December 31, 2023			
	Maturity (in years)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Short-term investments:					
U.S. Treasury debt securities	1 or less	$ 23,840	$ 4	$ —	$ 23,844
Commercial Paper	1 or less	2,738	—	(1)	2,737
U.S. Government Agency	1 or less	977	—	—	977
Total short-term investments		$ 27,555	$ 4	$ (1)	$ 27,558

The Company determined there were no other-than-temporary declines in the value of any available-for-sale securities as of March 31, 2024 and December 31, 2023. All the Company's available-for-sale marketable securities mature within one year. The Company has no allowance for credit losses as of March 31, 2024 and December 31, 2023. During the three months ended March 31, 2024 and 2023, the Company recognized an unrealized loss of $11 and an unrealized gain of $2, in the accompanying statements of operations and comprehensive loss. Accrued interest receivable on available-for-sale securities was $13 at March 31, 2024 and $15 at December 31, 2023. We have not written off any accrued interest receivable in any of the periods presented in these financial statements.

4. Commitments, Contingencies and Related Party Transactions

Lease (in thousands)

Rent expense was $41 and $39 for the three months ended March 31, 2024 and 2023, respectively.

From May 2019 through April 2022, the Company leased office space in San Diego, California. In April 2022, the Company entered into a sublease agreement for office space which expired on July 31, 2023 (the "San Diego Lease"). In May 2023, the Company entered into a lease agreement for the same office space which expires on September 30, 2025. Base rent under such lease is approximately $145 annually and the monthly rent expense will be recognized on a straight-line basis over the effective term of the lease.

The San Diego Lease is included in the accompanying balance sheet at the present value of the lease payments. As the San Diego Lease does not have an implicit interest rate, the present value reflects a 10.0% discount rate which is the estimated rate of interest that the Company would have to pay in order to borrow an amount equal to the lease payments on a collateralized basis over a similar term and in a similar economic environment. As of March 31, 2024, the Company has an operating lease right-of-use asset of $225 and a lease liability of $278, with a weighted average remaining lease term of 1.5 years.

Maturities of the lease liability due under the lease agreements as of March 31, 2024, are as follows:

Maturity of lease liabilities		Operating Leases
2024	$	148
2025		150
Total lease payments		298
Less imputed interest		(20)
Total lease liability		278
Less current portion of lease liability		(179)
Lease liability, long-term	$	99

Related Party Transactions

Effective in September 2019, the Company and Shanghai Pharmaceutical (USA) Inc. ("SPH USA") entered into a Materials and Supply and Services Agreement ("SPH USA Services Agreement"), pursuant to which the Company and SPH USA will execute various statements of work for the transfer to SPH USA of key reagents and other materials, and for the supply of certain services by the Company to SPH USA, as contemplated under and in furtherance of the License and Development Agreement between the Company and SPH USA effective as of November 2018 (see Note 5). During 2023, the Company sold $0.5 million of materials to SPH USA which was recorded as an offset to ONCT-216 operating expenses. As of March 31, 2024 and December 31, 2023, the Company had $0.1 million in amounts receivable from SPH USA related to statements of work. SPH USA is the Company's largest stockholder and an affiliate of one of the Company's directors.

5. License, Collaboration and Grant Award/Subaward Agreements

The University of Tennessee Research Foundation ("UTRF")

In March 2015, and as amended and restated in March 2022 and as amended thereafter, the Company and UTRF entered into a license agreement (the "DAARI License Agreement") pursuant to which the Company was granted exclusive worldwide rights in all existing technologies owned or controlled by UTRF that make up our dual action androgen receptor inhibitor ("DAARI") program, including all improvements thereto. Under the DAARI License Agreement, the Company is obligated to employ active, diligent efforts to conduct preclinical research and development activities for the DAARI program to advance one or more lead compounds into clinical development. The Company is also obligated to pay UTRF annual license maintenance fees, low single-digit royalties on net sales of products and additional royalties on sublicense revenues, depending on the state of development of a clinical product candidate at the time it is sublicensed. The Company recorded research and development expense under this agreement of $0.1 million and a nominal amount for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the Company believes it had met its obligations under the DAARI License Agreement.

Agreements with the Regents of the University of California (the "Regents")

In March 2016, and as amended and restated in August 2018, and as amended thereafter, the Company and the Regents entered into a license agreement (as amended and restated, the "Regents License Agreement") for the development, manufacturing and distribution rights related to the development and commercialization of ROR1 related naked antibodies, antibody fragments or synthetic antibodies, and genetically engineered cellular therapy. The Regents License Agreement provides for the following: (i) in May 2016, an upfront license fee of $0.5 million was paid and 5,355 shares of common stock were issued, (ii) $25 in annual license maintenance fees commencing in 2017, (iii) reimbursement of certain annual patent costs, (iv) certain development and regulatory milestones aggregating from $20.1 million to $24.5 million, on a per product basis, (v) certain worldwide sales milestones based on achievement of tiered revenue levels aggregating $75.0 million, (vi) low single-digit royalties, including potential future minimum annual royalties, on net sales of each target, and (vii) minimum diligence to advance licensed assets consisting of at least $1.0 million in development spend annually through 2021. Under the Regents License Agreement, the Company recorded: (a) none and nominal license maintenance fees as research and development expense for the three months ended March 31, 2024 and 2023, respectively, and (b) $0.2 million and a nominal amount in patent costs as general and administrative expense for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the Company believes it had met its obligations under the Regents License Agreement.

The Regents License Agreement will expire upon the later of the expiration date of the longest-lived patent rights or the 15th anniversary of the first commercial sale of a licensed product. The Regents may terminate the Regents License Agreement if: (i) a material breach by the Company is not cured within a reasonable time, (ii) the Company files a claim asserting the Regents licensed patent rights are invalid or unenforceable, and (iii) the Company files for bankruptcy. The Company may terminate the agreement at any time upon at least 60 days' written notice.

Effective January 1, 2022, the Company entered into a Research Agreement (the "Research Agreement") with the Regents for further research on the ROR1 therapeutic development program. Under this four-year agreement that expires on December 31, 2025, the Regents will have an aggregate budget of $1.6 million, with quarterly payments of $125 in 2022, $131 in 2023, and $138 in 2024 and 2025. The Company recorded $0.1 million in research and development expenses under the Research Agreement for each of the three months ended March 31, 2024 and 2023. Such costs are includable as part of the Company's annual diligence obligations under the Regents License Agreement.

The National Institutes of Health ("NIH") Grant Awards

The NIH has awarded the Company three research and development grants for up to $4.0 million to support preclinical activities for the Company's ONCT-534 and ONCT-216 programs, including $1.0 million payable to subawardees. Under the terms of the grants, the Company is entitled to receive reimbursement in arrears of incurring allowable expenditures. The earned NIH funds are non-refundable and the Company is required to provide periodic progress performance reports. During the three months ended March 31, 2024, the Company received $0.5 million in award payments, recorded $0.6 million in grant revenue and had $0.6 million in an unbilled grant receivable. During the three months ended March 31, 2023, the Company received $0.1 million in award payments from the NIH, and recorded $0.2 million in grant revenue, and had $0.1 million in an unbilled grant receivable.

SPH USA, a Related Party

License and Development Agreement ("LDA")

In November 2018, and as amended in August 2020, the Company entered into the LDA with SPH USA for: (i) the territory of the People's Republic of China, Hong Kong, Macau, and Taiwan ("Greater China"), and (ii) rights to manufacture, develop, market, distribute and sell all of the Company's product candidates under the Georgetown License Agreement and the Regents License Agreement (exclusive to Greater China only). Under the LDA, SPH USA is solely responsible for: (a) all preclinical and clinical development activities required in order to obtain regulatory approval in Greater China for such product candidates, (b) any third-party license milestone or royalty payments owed under the Georgetown License Agreement and the Regents License Agreement, and (c) paying the Company a low single digit royalty on net sales in the territory.

The LDA will expire upon the expiration of the last royalty term for the last licensed product. The LDA may be terminated by: (i) SPH USA on a country by country or product by product basis with 180 days written notice, (ii) either party upon material breach that is not cured within 90 days, and (iii) either party in the event the other party declares insolvency or bankruptcy. There has been no significant activity under this agreement for each of the three months ended March 31, 2024 and 2023 (see Note 4).

Contingent Value Rights Agreement ("CVR Agreement")

Pursuant to the GTx merger agreement entered into in June 2019 (the "Merger"), the Company, a representative of holders of the Contingent Value Rights ("CVRs"), and Computershare, Inc. as rights agent, entered into the CVR Agreement. Pursuant to the CVR Agreement, the Company's stockholders of record as of immediately prior to the Merger received one CVR for each share of the Company's common stock held immediately prior to the Merger.

As amended on November 1, 2021, the CVR Agreement entitles holders of CVRs to receive: (i) 50% of certain net proceeds received by the Company during the 15-year period after the closing of the Merger (the "CVR Term") from a transaction, if any, resulting in the grant, sale, or transfer of DAARI technology to a third party that occurs during the 10-year period after the closing of the Merger (or in the 11th year if based on a term sheet approved during the initial 10-year period); and (ii) 5% of net sales of products by the Company or its affiliates during the CVR Term incorporating the DAARI technology. Through March 31, 2024, no transactions or net sales relating to the DAARI technology had occurred.

6. Fair Value

As of March 31, 2024 and December 31, 2023, the following fair value hierarchy table presents the Company's financial assets measured at fair value on a recurring basis:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of March 31, 2024				
Short-term investments:				
U.S. Treasury debt securities	$ 19,642	$ 10,088	$ 9,554	$ —
Commercial Paper	989	—	989	—
Total assets measured at fair value	$ 20,631	$ 10,088	$ 10,543	$ —

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2023				
Short-term investments:				
U.S. Treasury debt securities	$ 23,844	$ 10,912	$ 12,932	$ —
Commercial Paper	2,737	—	2,737	—
U.S. Government Agency	977	—	977	—
Total assets measured at fair value	$ 27,558	$ 10,912	$ 16,646	$ —

Valuation of short-term investments

The Company classifies its money market funds, treasury notes and treasury bills as Level 1 assets under the fair value hierarchy, as these assets have been valued using quoted market prices for identical assets in active markets without any valuation adjustment. The Company classifies its commercial paper and U.S. government sponsored enterprise securities as Level 2 assets under the fair value hierarchy, as these assets have been valued using information obtained through a third-party pricing service at each balance sheet date, using observable market inputs that may include trade information, broker or dealer quotes, bids, offers, or a combination of these data sources. The Company does not hold any short-term investments classified as Level 3, which are securities valued using unobservable inputs.

The Company's policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. The Company did not transfer any investment securities between the classification levels during each of the three months ended March 31, 2024 and 2023.

7. Stockholders' Equity

ATM Program

In December 2021, the Company entered into an Open Market Sale Agreement[SM] (the "Sales Agreement") with Jefferies LLC, pursuant to which the Company is able to offer and sell, from time to time in its sole discretion, shares of its common stock having an aggregate offering price of up to $50.0 million. On April 2, 2024, the ATM program expired when three years from the effective date of the Company's shelf registration statement on Form S-3 (No. 333-254985) had passed. On March 8, 2024, the Company filed a new shelf registration statement on Form S-3 (No. 333-277795) which was declared effective by the Securities and Exchange Commission on May 1, 2024. During the three months ended March 31, 2024, the Company did not sell shares of common stock under the ATM program.

Common Stock Warrants

A summary of warrant activity and changes in warrants outstanding is presented below:

	Number of Shares Underlying Warrants	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)
Balance at December 31, 2023	170,521	$ 74.00	1.94
Issued / Exercised / Forfeited / Expired	—	$ —	—
Balance at March 31, 2024	170,521	$ 74.00	1.69

As of March 31, 2024 and 2023, all warrants met the criteria for classification in stockholders' equity.

Equity Incentive Plans

Stock Option Awards

Contemporaneous with the Merger closing: (i) Oncternal's 2015 Equity Incentive Plan, as amended ("2015 Plan") was assumed by the Company, and (ii) the Company adopted the 2019 Incentive Award Plan ("2019 Plan") under which the sum of: (a) 97,708 shares of common stock, and (b) an annual increase on the first day of each calendar year beginning January 1, 2020, and ending on and including January 1, 2029, equal to the lesser of (A) 5% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares of common stock as is determined by the board of directors, are reserved for issuance.

In July 2015, Oncternal adopted the 2015 Plan which provided for the issuance of shares of common stock for incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards and other stock awards to its employees, members of its board of directors and consultants. In general, the options issued under the 2015 Plan expire ten years from the date of grant and vest over a four-year period. Certain grants vested based on the achievement of development or regulatory milestones and the 2015 Plan was terminated as to new grant awards in June 2019.

The 2019 Plan provides for the issuance of shares of common stock for incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards and other stock awards to its employees, members of its board of directors and consultants. In general, the stock options issued under the 2019 Plan expire ten years from the date of grant and vest over a four-year

period. Certain stock option grants vest based on the achievement of development or regulatory milestones. The 2019 Plan allows for the early exercise of all stock option grants if authorized by the board of directors at the time of grant.

In February 2021, the Company's board of directors adopted the 2021 Employment Inducement Incentive Award Plan (the "Inducement Plan"). The Inducement Plan is a non-shareholder approved stock plan adopted pursuant to the "inducement exception" provided under Nasdaq listing rules. As amended in 2021, the Inducement Plan has reserved 140,000 shares of common stock to be used exclusively for the issuance of non-statutory stock options to certain new hires who satisfied the requirements to be granted inducement grants under Nasdaq rules as an inducement material to the individual's entry into employment with the Company. The terms of the Inducement Plan are substantially similar to the terms of the 2019 Plan.

As of March 31, 2024, 81,424 shares remain available for issuance under the 2019 Plan and Inducement Plan. A summary of the Company's stock option activity under the 2015 Plan, 2019 Plan and Inducement Plan is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	548,073	$ 56.51		
Granted	168,175	$ 9.20		
Outstanding at March 31, 2024	716,248	$ 45.40	8.1	$ 87,518
Options vested and expected to vest as of March 31, 2024	716,248	$ 45.40	8.1	$ 87,518
Options vested and exercisable as of March 31, 2024	341,545	$ 66.99	7.2	$ 47,812

For the three months ended March 31, 2024 and 2023, the weighted average grant date fair value per share of option grants was $7.70 and $15.58, respectively. The intrinsic value is calculated as the difference between the fair value of the Company's common stock at the time of the option exercise and the exercise price of that stock option. For the three months ended March 31, 2024 and 2023, no stock options were exercised.

Restricted Stock Unit Awards

Restricted stock unit awards ("RSUs") are rights to receive shares of the Company's common stock upon satisfaction of specific vesting conditions. Issued RSUs generally vested over an eighteen month to two-year period. RSU activity under Equity Incentive Plans is summarized as follows:

	Number of Restricted Stock Units	Weighted-Average Remaining Contractual Term (in years)	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2023	18,557	0.1	$ 28.32
Vested	(18,557)		$ 28.32
Nonvested and expected to vest as of March 31, 2024	—	—	$ —

The fair value of RSUs vested during the three months ended March 31, 2024 was $0.2 million.

Stock-Based Compensation Expense

The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of stock option grants, were as follows:

	Three Months Ended March 31,	
	2024	2023
Risk-free interest rate	4.3%	4.1%
Expected volatility	107.5%	99.8%
Expected term (in years)	6.1	6.1
Expected dividend yield	—%	—%

Expected volatility. During 2023, the expected volatility assumption was based on a blend of volatilities of the Company's share price and a peer group of similar companies whose share prices are publicly available. The volatility of the Company's shares price was measured using the closing share price beginning June 10, 2019, the date of the closing of the Merger, through the current period. The peer group was developed based on companies in the life sciences industry with comparable characteristics to the Company including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. Effective January 1, 2024, the Company elected to remove peer group companies and calculates its expected volatility assumption solely on the volatility of the Company's historical share prices using the closing share price beginning June 10, 2019 through the current period.

Expected term. The expected term represents the period of time that options are expected to be outstanding. Due to limited historical exercise behavior, it determined the expected life assumption using the simplified method for employees, which is an average of the contractual term of the option and its vesting period. The expected term for nonemployee options is generally the remaining contractual term.

Risk-free interest rate. The risk-free interest rate is based on the implied yield on the U.S. Treasury securities with a maturity date similar to the expected term of the associated stock option award.

Expected dividend yield. The Company bases the expected dividend yield assumption on the fact that it has never paid cash dividends and has no present intention to pay cash dividends and, therefore, used an expected dividend yield of zero.

RSU awards represent rights to receive shares of common stock contingent upon satisfaction of specific vesting conditions. The stock-based compensation expense for these awards was determined using the closing price on the grant date applied to the total number of shares that were anticipated to fully vest.

Stock-based compensation expense recognized for all equity awards has been reported in the statements of operations as follows:

	Three Months Ended March 31,	
	2024	2023
Research and development	$ 695	$ 1,117
General and administrative	665	768
	$ 1,360	$ 1,885

As of March 31, 2024, the unrecognized compensation cost related to non-vested stock options was $7.9 million, which is expected to be recognized over a weighted-average period of 2.4 years.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance is as follows:

	March 31, 2024
Common stock warrants	170,521
Common stock options issued and outstanding	716,248
Common stock available for issuance under the Inducement Plan and 2019 Plan	81,424
	968,193

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with: (i) our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the period ended March 31, 2024, and (ii) our audited financial statements and notes thereto for the year ended December 31, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2023. Except as otherwise indicated herein or as the context otherwise requires, references in this Quarterly Report to "Oncternal" "the Company," "we," "us" and "our" refer to Oncternal Therapeutics, Inc., a Delaware corporation.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, business strategies and plans, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties and assumptions, including those described in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 7, 2024, our prior Quarterly Reports on Form 10-Q, and in Part II, Item 1A, "Risk Factors" of this Quarterly Report. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Overview

We are a clinical-stage biopharmaceutical company focused on the development of novel oncology therapies for patients with cancers with critical unmet medical need. Oncternal pursues drug development targeting promising, yet untapped biological pathways implicated in cancer generation or progression, focusing on prostate cancer and hematological malignancies. Our pipeline includes:

- ONCT-534 is an investigational dual-action androgen receptor inhibitor (DAARI) product candidate with a novel mechanism of action that includes inhibition of androgen receptor (AR) function and degradation of the AR protein mediated by interaction with both the ligand binding domain (LBD) and N-terminal domain (NTD) of the AR. ONCT-534 has demonstrated preclinical activity in prostate cancer models against both unmutated AR, and against multiple forms of AR alteration, including those with AR amplification, mutations in the AR LBD, and splice variants with loss of the AR LBD. ONCT-534 is a potential monotherapy treatment for patients with advanced prostate cancer and other AR-driven diseases, including relapsed or refractory metastatic castration-resistant prostate cancer, or mCRPC.

  In 2023, we commenced Study ONCT-534-101 (NCT05917470), a Phase 1/2, single-arm, open-label, multi-center study to evaluate the safety and tolerability, pharmacokinetics, and preliminary anti-tumor activity of ONCT-534 in patients with mCRPC who have relapsed or are refractory to approved androgen receptor pathway inhibitors (ARPIs) including enzalutamide, abiraterone, apalutamide and darolutamide. The Phase 1 portion of the study utilizes an adaptive Bayesian Optimal Interval (BOIN) design with five ONCT-534 dosing cohorts ranging from 40 mg to 600 mg per day. After the safety and tolerability and preliminary antitumor activity of ONCT-534 have been assessed in the Phase 1 portion of this study, Phase 2 will commence to further evaluate the safety and preliminary antitumor activity of ONCT-534 to support selecting an optimal dose. The 28-day safety period for the third Phase 1 dosing cohort of 160 mg has been completed without dose limiting toxicity, and subjects have been enrolled and dosed in the fourth dosing cohort, studying ONCT-534 administered orally once a day at 300 mg per dose.

- ONCT-808, our lead cell therapy product candidate, is an investigational autologous chimeric antigen receptor T, or CAR T, cell therapy that targets Receptor Tyrosine Kinase-Like Orphan Receptor 1 (ROR1) using a binding moiety derived from zilovertamab, as defined below. ONCT-808 has demonstrated activity in preclinical models against multiple hematological malignancies and solid tumors and has been shown to be specific for cancer cells expressing ROR1. We have developed a robust and reproducible manufacturing process that has the potential to reduce the time patients must wait for their individual CAR T therapy to be produced, compared with currently approved CAR T products. We have

also dosed patients under Study ONCT-808-101 (NCT05588440) with relapsed or refractory aggressive B-cell lymphoma, including patients who have failed previous CD19 CAR T treatment, and the current Phase 1 dosing cohort of 0.3 x 10^6 CAR expressing viable T cells per kg of body weight is open and enrolling.

- Zilovertamab is an investigational, humanized, potentially first-in-class, monoclonal antibody designed to: (i) bind to ROR1, a growth factor receptor that is widely expressed on many tumor and that activates pathways leading to increased tumor proliferation, invasiveness and drug resistance, and (ii) inhibit ROR1 function. Zilovertamab has been evaluated in a Phase 1/2 Study CIRM-0001 (NCT03088878) in combination with ibrutinib for the treatment of patients with chronic lymphocytic leukemia (CLL), mantle cell lymphoma (MCL) and marginal zone lymphoma (MZL), which resulted in 100% progression free survival (PFS) at 42 months in CLL patients expressing a p53 mutation/del(17p), a population underserved by current treatment options. Zilovertamab is also being evaluated in an investigator-initiated Phase 1b study of zilovertamab in combination with docetaxel in patients with metastatic castration-resistant prostate cancer (NCT05156905).

Since the inception of Oncternal Therapeutics, Inc. in 2013, we have devoted most of our resources to organizing and staffing, business planning, raising capital, acquiring product candidates and securing related intellectual property rights and advancing ONCT-534, ONCT-808, zilovertamab and ONCT-216 clinical and preclinical development programs. Through March 31, 2024, we have funded our operations primarily through: (i) gross proceeds of $136.3 million from the issuance of common stock, (ii) gross proceeds of $49.0 million from the issuance of convertible preferred stock, (iii) receipt of $14.5 million in subaward grant payments from UC San Diego, and (iv) cash proceeds of $18.3 million received in connection with the closing of the merger with GTx, Inc. in June 2019 (GTx Merger). As of March 31, 2024, we had cash, cash equivalents and short-term investments of $27.0 million and no debt.

We have incurred net losses in each year since inception. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our current or future product candidates. Our net loss was $8.4 million for the three months ended March 31, 2024 and we had an accumulated deficit of $206.2 million as of March 31, 2024. Substantially all of our net losses have resulted from costs incurred in connection with: (i) advancing our research and development programs, (ii) general and administrative costs associated with our operations, including the costs associated with operating as a public company, and (iii) in-process research and development costs associated with the GTx Merger. We expect to continue to incur significant and increasing operating losses for at least the next several years. We expect that our expenses and capital funding requirements will increase substantially in connection with our ongoing activities, particularly if and as we:

- advance ONCT-534 through clinical development, initially in castrate resistant prostate cancer;
- advance ONCT-808 through clinical development, initially in hematological malignancies;
- continue to develop additional product candidates; acquire or in-license other product candidates and technologies;
- maintain, expand and protect our intellectual property portfolio;
- establish a commercial manufacturing source and secure supply chain capacity sufficient to provide commercial quantities of any product candidates for which we may obtain regulatory approval;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain regulatory approval; and
- add operational, financial and management information systems and personnel, including personnel to support our planned product development and future commercialization efforts.

We will not generate product sales revenue unless and until we successfully complete clinical development and obtain regulatory approval for our product candidates. If we obtain regulatory approval for any of our product candidates and do not enter into a commercialization partnership, we expect to incur significant expenses related to developing our internal commercialization capability to support product sales, marketing and distribution.

As a result, we believe we will need substantial additional funding to support our continuing operations and pursue our business strategy. Until such time as we can generate significant product sales revenue, if ever, we expect to finance our operations through a combination of public or private equity or debt offerings or other sources, including potential collaborations, strategic alliances and other similar arrangements. We may not be able to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, reduce or eliminate the development and commercialization of one or more of our product candidates or delay our pursuit of potential in licenses or acquisitions.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Management concluded that the balance of cash, cash equivalents and short-term investments may not be sufficient to fund our planned expenditures and meet our obligations for at least the twelve months following the financial statement issuance date without entering into one or more collaborations or raising additional funding or making changes to operating plans or programs to reduce expenses. As a result, there is substantial doubt about our ability to continue as a going concern for twelve months following the issuance date of the condensed consolidated financial statements as of March 31, 2024. We believe that our cash, cash equivalents and short-term investments provide sufficient cash to fund our projected operating requirements into the first quarter of 2025.

Components of Results of Operations

Grant Revenue

Our grant revenue is derived from research and development grants from the National Institutes of Health (NIH).

The NIH has awarded us three research and development grants for up to $4.0 million to support preclinical activities for our ONCT-534 and ONCT-216 programs, including $1.0 million payable to subawardees. Under the terms of the grant awards, we are entitled to receive reimbursement in arrears of incurring allowable expenditures. The earned NIH funds are non-refundable and we are required to provide periodic progress performance reports. During the three months ended March 31, 2024, we received $0.5 million in award payments, recorded $0.6 million in grant revenue and had $0.6 million in an unbilled grant receivable. During the three months ended March 31, 2023, we received $0.1 million in award payments, recorded $0.2 million in grant revenue and had $0.1 million in an unbilled grant receivable.

Operating Expenses

Research and Development

Research and development expenses consist primarily of costs incurred for the development of ONCT-534, ONCT-808, zilovertamab, and ONCT-216, which include:

- expenses under agreements with consultants, third-party contract organizations, and investigative clinical trial sites that conduct research and development activities on our behalf;
- costs related to the development and manufacture of preclinical study and clinical trial material;
- salaries and employee-related costs, including non-cash stock-based compensation;
- costs incurred under our collaboration and third-party licensing agreements; and
- laboratory, regulatory and vendor expenses related to the execution of preclinical and clinical trials.

We accrue all research and development costs in the period for which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators and third-party service providers. Advance payments for goods or services to be received in future periods for use in research and development activities are deferred and then expensed as the related goods are delivered and as services are performed. Any unearned advances would be refunded when known.

We expect our research and development expenses to increase substantially for the foreseeable future as we: (i) continue to invest in developing our product candidates clinically and preclinically, advance preclinical assets into the clinic and as we begin to conduct larger global clinical trials, and (ii) invest in additional operational personnel to support our planned product development efforts. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials, especially for global studies.

Our direct research and development expenses are tracked by product candidate and consist primarily of external costs, such as fees paid under third-party license agreements and to outside consultants, contract research organizations (CROs), contract manufacturing organizations and research laboratories in connection with our preclinical development, process development, manufacturing and clinical development activities. We do not allocate employee costs and costs associated with our discovery efforts, laboratory supplies and facilities, including other indirect costs, to specific product candidates because these costs are deployed across multiple programs and, as such, are not separately classified. We use internal resources primarily to conduct our research as well as for managing our preclinical development, process development, manufacturing and clinical development activities. These employees work across multiple programs and, therefore, we do not track our costs by product candidate unless we can include them as subaward costs.

We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development, including any potential expanded dosing beyond the original protocols based in part on ongoing clinical success. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments of each product candidate's commercial potential. We will need to raise substantial additional capital in the future. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

General and Administrative

General and administrative expenses consist primarily of personnel-related costs, insurance costs, facility costs and professional fees for legal, patent, consulting, investor and public relations, accounting and audit services. Personnel-related costs consist of salaries, benefits and non-cash stock-based compensation. We expect our general and administrative expenses will increase significantly as we: (i) incur additional costs associated with being a public company, including audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs, (ii) hire additional personnel, and (iii) protect our intellectual property.

Interest Income

Interest income consists of interest earned on our cash, cash equivalents and short-term investments, which primarily consist of money market funds and U.S. Treasury securities. In a significantly rising interest rates environment, our interest income on our invested balances is expected to increase as rates increase. Historically our interest income has not been significant due to low interest yields earned on invested balances.

Results of Operations

Comparison of the Three Months Ended March 31, 2024 and 2023

The following table summarizes our condensed consolidated results of operations for the periods indicated:

	Three Months Ended March 31,		
(in thousands)	2024	2023	Change
Grant revenue	$ 569	$ 203	$ 366
Operating expenses:			
Research and development	6,059	9,031	(2,972)
General and administrative	3,289	3,315	(26)
Total operating expenses	9,348	12,346	(2,998)
Loss from operations	(8,779)	(12,143)	3,364
Interest income	391	656	(265)
Net loss	$ (8,388)	$ (11,487)	$ 3,099

Grant Revenue

Grant revenue was $0.6 million and $0.2 million for the three months ended March 31, 2024 and 2023, respectively. The increase of $0.4 million was primarily due to the timing of NIH grant activities.

Research and Development Expenses

The following table summarizes our research and development expenses for the periods indicated:

(in thousands)	Three Months Ended March 31, 2024	2023	Increase/(Decrease)
ONCT-534	$ 1,448	$ 818	$ 630
ONCT-808	1,347	887	460
Zilovertamab	319	3,490	(3,171)
ONCT-216	92	224	(132)
Unallocated research and development expenses	2,853	3,612	(759)
Total research and development expenses	$ 6,059	$ 9,031	$ (2,972)

Research and development expenses for the three months ended March 31, 2024 and 2023 were $6.1 million and $9.0 million, respectively. The decrease of $2.9 million was primarily due to a $2.1 million decrease in direct product candidate expenses and a $0.8 million decrease in unallocated research and development expenses.

Direct expenses for ONCT-534 increased $0.6 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, primarily due to an increase in clinical and manufacturing activities with the initiation of our Phase 1/2 clinical study of ONCT-534 in the third quarter of 2023.

Direct expenses for ONCT-808 increased $0.5 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, primarily due to an increase in preclinical and clinical trial activities related to our Phase 1/2 clinical study of ONCT-808 that were partially offset by a decrease in manufacturing activities.

Direct expenses for zilovertamab decreased $3.2 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, primarily due to lower clinical trial activity and manufacturing costs associated with the reprioritization of this program in April 2023.

Direct expenses for ONCT-216 decreased $0.1 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, primarily due to lower NIH grant activity.

Unallocated research and development expenses decreased $0.8 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023, primarily due to lower personnel costs, including non-cash stock-based compensation costs.

General and Administrative Expenses

General and administrative expenses for each of the three months ended March 31, 2024 and 2023 were $3.3 million. The expenses were consistent year over year primarily due to lower corporate insurance being offset by higher legal expenses.

Interest Income

Interest income for the three months ended March 31, 2024 and 2023 were $0.4 million and $0.7 million, respectively. The decrease of $0.3 million was primarily due to interest income from short-term investments (including the amortization of discounts and premiums) on lower average cash balances.

Liquidity and Capital Resources

We have incurred losses and negative cash flows from operations since inception. As of March 31, 2024, we had an accumulated deficit of $206.2 million and anticipate that we will continue to incur net losses for the foreseeable future. As of March 31, 2024, we had $27.0 million in cash, cash equivalents and short-term investments and no debt. We believe the balance of cash, cash equivalents and short-term investments may not be sufficient to fund our projected operating requirements and meet our obligations for at least the twelve months following the financial statement issuance date without entering into one or more collaborations or raising additional funding or making changes to our operating plans or programs to reduce expenses. As a result, there is substantial doubt about our ability to continue as a going concern for twelve months following the issuance date of the condensed consolidated financial statements as of March 31, 2024. However, we believe that our cash, cash equivalents and short-term investments provide sufficient cash to fund our projected operating requirements into the first quarter of 2025.

In December 2021, we entered into an Open Market Sales Agreement℠ (Sales Agreement), with Jefferies LLC, providing for the sale of up $50.0 million of our common stock from time to time in "at-the-market" (ATM) offerings under our shelf registration statement on Form S-3 (No. 333-254985) (the "Prior Shelf Registration Statement"). On April 2, 2024, the ATM program expired when three years from the effective date of the Prior Shelf Registration Statement had passed. On March 8, 2024, we filed a new shelf registration statement on Form S-3 (No. 333-277795) which was declared effective by the Securities and Exchange Commission on May 1, 2024. During the three months ended March 31, 2024 and 2023, we sold none and 55,274 shares of common stock for net proceeds of none and $1.2 million, respectively.

Cash Flows

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

	Three Months Ended March 31,	
(in thousands)	2024	2023
Net cash provided by (used in):		
Operating activities	$ (7,438)	$ (10,969)
Investing activities	7,224	(16,048)
Financing activities	(87)	1,119
Net decrease in cash and cash equivalents	$ (301)	$ (25,898)

Operating Activities

Net cash used in operating activities was $7.4 million and $11.0 million for the three months ended March 31, 2024 and 2023, respectively. The decrease in cash used in operating activities was primarily due to lower clinical trial activity and manufacturing costs associated with the reprioritization of the Zilovertamab program in April 2023 as well as deferred executive compensation. The net cash used in operating activities during the three months ended March 31, 2024 was primarily due to our net loss of $8.4 million adjusted for $1.1 million of non-cash charges, primarily for stock-based compensation, which was partially offset by a $0.1 million change in operating assets and liabilities. Net cash used in operating activities during the three months ended March 31, 2023 was primarily due to our net loss of $11.5 million adjusted for $1.5 million of non-cash charges, primarily for stock-based compensation, and a $1.0 million change in operating assets and liabilities.

Investing Activities

During the three months ended March 31, 2024, net cash provided by investing activities was $7.2 million consisting primarily of net maturities of available-for-sale securities. During the three months ended March 31, 2023, net cash used in investing activities was $16.0 million consisting primarily of net purchases of available-for-sale securities.

Financing Activities

Net cash used in financing activities was $0.1 million for the three months ended March 31, 2024 and net cash provided by financing activities was $1.1 million for the three months ended March 31, 2023. The net cash used during 2024 resulted from common shares repurchased for tax withholding obligations related to the vesting of restricted stock units. The net cash provided during 2023 resulted primarily from the proceeds received from the sale of common stock under the ATM program.

Operating Capital Requirements

We anticipate that we will continue to incur losses for the foreseeable future, and we expect the losses to increase as we continue the research and development of, and seek regulatory approvals for, our product candidates and conduct additional research and development activities. Our product candidates have not yet achieved regulatory approval and we may not be successful in achieving commercialization of our product candidates.

We believe that our existing cash, cash equivalents and short-term investments may not be sufficient to fund our operations for a period of at least twelve months from the date of this report without entering into one or more collaborations or raising additional funding or making changes to our operating plans or programs to reduce expenses.

We will require additional capital for the research and development of our product candidates, and we may be forced to seek additional funds sooner than expected to pursue our research and development activities. We expect to finance our capital requirements in the foreseeable future through a combination of the sale of public or private equity or debt securities, government

funding, or other sources, including potentially collaborations, licenses and other similar arrangements. There can be no assurance that we will be able to obtain any sources of financing on acceptable terms, or at all. To the extent that we can raise additional funds by issuing equity securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that may impact our ability to conduct our business. Any of these events could significantly harm our business, operations, financial condition and prospects.

Our forecast of the period of time through which our existing cash, cash equivalents and short-term investments will be adequate to support our operations is a forward-looking statement and involves significant risks and uncertainties. We have based this forecast on assumptions that may prove to be wrong, and actual results could vary materially from our expectations, which may adversely affect our capital resources and liquidity. We could utilize our available capital resources sooner than we currently expect. The amount and timing of future funding requirements, both near- and long-term, will depend on many factors, including, but not limited to:

- the type, number, scope, progress, expansions, results, costs and timing of our clinical trials of our DAARI and ROR 1 CAR T product candidates or additional indications of any other potential product candidates that we may choose to pursue in the future;
- the costs and timing of manufacturing for our product candidates, including commercial manufacturing if any product candidate is approved;
- the costs and capacity for third-party process development and manufacturing, including for CAR T and lentivirus manufacturing;
- the costs, timing and outcome of seeking and obtaining worldwide regulatory approvals for our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- the costs associated with hiring additional personnel, CROs and consultants as our preclinical and clinical activities increase;
- our ability to achieve sufficient market acceptance, adequate coverage and reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the cost and timing of establishing sales, marketing, manufacturing and distribution capabilities for, and the pricing and reimbursement of, any products for which we may receive regulatory approval;
- the terms and timing of establishing and maintaining potential collaborations, strategic alliances and other similar arrangements, including milestone or other payments under our existing in-license agreements and any in-license agreements that we may enter into in the future;
- costs associated with any products or technologies that we may in-license or acquire; and
- the cost and timing of establishing sales, marketing, manufacturing and distribution capabilities for, and the pricing and reimbursement of, any products for which we may receive regulatory approval.

If we cannot continue or expand our research and development operations, or otherwise capitalize on our business opportunities, because we lack sufficient capital, our business, operations, financial condition and prospects could be materially adversely affected.

On March 8, 2024, we filed a new shelf registration statement on Form S-3 (No. 333-277795) which was declared effective by the Securities and Exchange Commission on May 1, 2024. Under current SEC regulations, if at any time our public float is less than $75.0 million, and for so long as our public float remains less than $75.0 million, the amount we can raise through primary public offerings of securities in any twelve-month period using shelf registration statements is limited to an aggregate of one-third of our public float, which is referred to as the baby shelf rules. As of March 31, 2024, our calculated public float was less than $75.0 million. Future sales of our common stock, if any, will depend on a variety of factors including, but not limited to, the expected timing for achieving key milestones, including Initiating, completing and announcing results of clinical trials of our ROR1 CAR T and DAARI product candidates, prevailing market conditions, the trading price of our common stock and our capital needs. There can be no assurance that we will be successful in consummating future sales of our securities based on prevailing market conditions or in the quantities or at the prices that we deem appropriate.

Contractual Obligations and Commitments

We are party to a number of license agreements, pursuant to which we have payment obligations that are contingent upon future events such as our achievement of specified development, regulatory and commercial milestones and are required to make royalty payments in connection with the sale of products developed under those agreements. As of March 31, 2024, we were unable to estimate the timing or likelihood of achieving the milestones or making future product sales. See Notes 4 and 5 to our condensed consolidated financial statements included elsewhere in this Quarterly Report for a description of these agreements.

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

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of the financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods.

Our estimates are based on our historical trends and other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Research and Development Expenses and Accruals

As part of the process of preparing our condensed consolidated financial statements, we are required to estimate our accrued expenses. This process involves reviewing quotations and contracts, identifying services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. Certain service providers invoice us in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. Examples of estimated accrued research and development expenses include fees paid to: (i) CROs and other third parties in connection with clinical studies and preclinical development activities; (ii) investigative sites in connection with clinical studies; and (iii) third parties related to product manufacturing, development and distribution of clinical supplies.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our 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 their objectives, and management necessarily applies judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, who serve as our principal executive officer and principal financial officer, respectively, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Disclosure Controls and Internal Control over Financial Reporting

Because of their inherent limitations, our disclosure controls and procedures and our internal control over financial reporting may not prevent material errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to risks, including that the controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the specific factors discussed below, as well as all other information included in this Quarterly Report on Form 10-Q, including our financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." If any of the following risks actually occurs, our business, financial condition, operating results, prospects and ability to accomplish our strategic objectives could be materially harmed. As a result, the trading price of our common stock could decline and you could lose all or part of your investment. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our operations. The occurrence of any of these known or unknown risks might cause you to lose all or part of your investment in our securities.

There have been no material changes to the risk factors included in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Pursuant to Item 408(a) of Regulation S-K, none of our directors or executive officers adopted, terminated or modified a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the three months ended March 31, 2024.

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporation by Reference			
		Form	File no.	Exhibit No.	Filing Date
3.1	Restated Certificate of Incorporation of the Registrant dated March 4, 2024	10-K	000-50549	3.1	7-Mar-24
3.2	Amended and Restated Bylaws of the Registrant	8-K	000-50549	3.3	10-Jun-19
4.1	Form of Common Stock Warrant, issued by Registrant pursuant to the Securities Purchase Agreement dated May 19, 2020, between the Registrant and the purchasers signatory thereto ("May 2020 Purchase Agreement")	8-K	000-50549	4.1	21-May-20
4.2	Form of Placement Agent Warrant, issued by Registrant pursuant to the May 2020 Purchase Agreement	8-K	000-50549	4.2	21-May-20
4.3	Form of Common Stock Warrant, issued by Registrant pursuant to the Securities Purchase Agreement dated July 17, 2020, between the Registrant and the purchasers signatory thereto (the "July 2020 Purchase Agreement")	8-K	000-50549	4.1	21-Jul-20
4.4	Form of Placement Agent Warrant, issued by Registrant pursuant to the July 2020 Purchase Agreement	8-K	000-50549	4.2	21-Jul-20
4.5	Form of Underwriter Warrant, issued by Registrant pursuant to the Amended and Restated Underwriting Agreement dated August 27, 2020, between the Registrant and H.C. Wainwright & Co., LLC ("H.C. Wainwright")	8-K	000-50549	4.1	31-Aug-20
4.6	Form of Underwriter Warrant, issued by Registrant pursuant to the Amended and Restated Underwriting Agreement dated November 17, 2020, between the Registrant and H.C. Wainwright	8-K	000-50549	4.1	19-Nov-20
4.7	Form of Underwriter Warrant, issued by Registrant pursuant to the Amended and Restated Underwriting Agreement dated December 9, 2020, between the Registrant and H.C. Wainwright	8-K	000-50549	4.1	11-Dec-20
10.1*	Non-Employee Director Compensation Program				
31.1*	Certification of Chief Executive Officer of the Registrant, as required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.				
31.2*	Certification of Chief Financial Officer of the Registrant, as required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.				
32.1‡	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2‡	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				

104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
‡ Furnished herewith

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.

Oncternal Therapeutics, Inc.

Date: May 9, 2024

By: /s/ James B. Breitmeyer

Name: James B. Breitmeyer

Title: President and Chief Executive Officer

Date: May 9, 2024

By: /s/ Richard G. Vincent

Name: Richard G. Vincent

Title: Chief Financial Officer

ONCTERNAL THERAPEUTICS, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the "***Board***") of Oncternal Therapeutics, Inc. (the "***Company***") shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this "***Program***") effective from and after March 14, 2024 (the "***Effective Date***"). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "***Non-Employee Director***") who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements between the Company and any of its Non-Employee Directors.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall be eligible to receive an annual retainer of $40,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following additional annual retainers, as applicable:

(i) Chairperson of the Board. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of $35,000 for such service.

(ii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $15,000 for such service. Each Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of $7,500 for such service.

(iii) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $10,000 for such service. Each Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of $5,000 for such service.

(iv) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $8,000 for such service. Each Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of $4,000 for such service.

(v) Science & Technology Committee. Each Non-Employee Director serving as a member of the Science & Technology Committee shall receive an additional annual retainer of $8,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not

later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2019 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "***Equity Plan***") and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board, setting forth the vesting schedule applicable to such awards and such other terms as may be required by the Equity Plan. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of stock options hereby are subject in all respects to the terms of the Equity Plan. For the avoidance of doubt, the share numbers in this Section 2 shall be subject to adjustment as provided in the Equity Plan.

(a) Initial Awards. Each Non-Employee Director who is initially elected or appointed to the Board following the Effective Date shall be automatically granted an option to purchase 2,500 shares of the Company's common stock, on the date of such initial election or appointment. The awards described in this Section 2(b) shall be referred to as "***Initial Awards***." No Non-Employee Director shall be granted more than one (1) Initial Award.

(b) Subsequent Awards. A Non-Employee Director who (i) is serving on the Board as of the date of any annual meeting of the Company's stockholders and (ii) will continue to serve as a Non-Employee Director immediately following such meeting, shall be automatically granted an option to purchase 2,200 shares of the Company's common stock, or with respect to the Non-Employee Director serving as Chairperson of the Board, an option to purchase 3,300 shares of the Company's common stock, on the date of such annual meeting. The awards described in this Section 2(c) shall be referred to as "***Subsequent Awards***." For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an annual meeting of the Company's stockholders shall only receive an Initial Award in connection with such election and shall not receive any Subsequent Award on the date of such meeting as well. In the event a Non-Employee Director has not been serving as a member of the Board for twelve (12) months as of the date of any Subsequent Award, the Board may determine to prorate the Subsequent Award to such Non-Employee Director to reflect the number of months served since such initial election through the date of the Subsequent Award.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Subsequent Awards as described in Section 2(c) above.

(d) Terms of Awards Granted to Non-Employee Directors

(i) Purchase Price. The per share exercise price of each option granted to a Non-Employee Director shall equal the Fair Market Value (as defined in the Equity Plan) of a share of common stock on the date the option is granted.

(ii) Vesting. One thirty-sixth of each Initial Award shall vest and become exercisable in substantially equal installments on each monthly anniversary of the date of grant, so that the

options subject to each such type of award shall be fully vested on the three-year anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through each such vesting date. One-twelfth of each Subsequent Award shall vest and/or become exercisable in substantially equal installments on each monthly anniversary of the date of grant, so that each Subsequent Award options shall be fully vested on the one-year anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through such vesting date. Unless the Board otherwise determines or as otherwise provided in this clause (ii), no portion of an Initial Award or Subsequent Award which is unvested and/or exercisable at the time of a Non-Employee Director's termination of service on the Board shall become vested and/or exercisable thereafter. All of a Non-Employee Director's Initial Awards and Subsequent Awards shall vest in full upon such director's Termination of Service by reason of death or Disability and/or immediately prior to the occurrence of a Change in Control. "***Termination of Service***," "***Disability***," and "***Change in Control***" have the meanings assigned in the Equity Plan.

(iii) Term. The term of each stock option granted to a Non-Employee Director shall be ten (10) years from the date the option is granted. Upon a Non-Employee Director's cessation of service on the Board for any reason, his or her options to purchase shares of the Company's common stock granted under this Program shall remain exercisable for thirty-six (36) months following the cessation of his or her service on the Board (or such longer period as the Board may determine in its discretion on or after the date of grant of such stock options), but in no event beyond the original outside expiration date of such stock options.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James B. Breitmeyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oncternal Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

/s/ James B. Breitmeyer
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 9, 2024

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard G. Vincent, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oncternal Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

/s/ Richard G. Vincent
Chief Financial Officer
(Principal Financial Officer)

Dated: May 9, 2024

Exhibit 32.1

CERTIFICATION
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)

In connection with the Quarterly Report on Form 10-Q of Oncternal Therapeutics, Inc. (the "Company") for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James B. Breitmeyer, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ James B. Breitmeyer
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 9, 2024

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION
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)

In connection with the Quarterly Report on Form 10-Q of Oncternal Therapeutics, Inc. (the "Company") for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard G. Vincent, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Richard G. Vincent
Chief Financial Officer
(Principal Financial Officer)

Dated: May 9, 2024

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.