

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended June 30, 2020.

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

Commission File Number 0000-08092

GT BIOPHARMA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-1620407
(I.R.S. employer
identification number)

9350 Wilshire Blvd, Suite 203
Beverly Hills, CA 90212
(Address of principal executive offices and zip code)

(800) 304-9888
(Registrant's telephone number, including area code)

N/A

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

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

Title of Each Class	Trading Symbol	Name of exchange on which registered
N/A	N/A	N/A

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting company

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

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

As of August 11, 2020, the issuer had 76,560,862 shares of common stock outstanding.

GT Biopharma, Inc. and Subsidiaries
FORM 10-Q
For the Quarter Ended June 30, 2020
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GT Biopharma, Inc. and Subsidiaries
as of June 30, 2020 and December 31, 2019
Consolidated Balance Sheets
(in Thousands, Except Par Value and Share Data)

	<u>June 30,</u> 2020 <small>(unaudited)</small>	<u>December 31,</u> 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 851	\$ 28
Prepaid expenses	120	246
Total Current Assets	<u>971</u>	<u>274</u>
Intangible assets		
Deposits	12	12
Operating lease right-to-use asset	80	110
Fixed assets, net	-	0
Total Other Assets	<u>92</u>	<u>122</u>
TOTAL ASSETS	<u>\$ 1,063</u>	<u>\$ 396</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 2,001	\$ 1,940
Accrued expenses	1,313	2,379
Accrued interest	3,283	2,029
Operating lease liability	90	120
Line of credit	31	31
Convertible notes	21,844	13,207
Total Current Liabilities	<u>28,562</u>	<u>19,706</u>
Stockholders' Deficit:		
Convertible preferred stock - \$0.01 par value; 15,000,000 shares authorized:		
Series C - 96,230 and 96,230 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	1	1
Series J-1 - 2,353,548 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	24	24
Common stock - \$0.001 par value; 750,000,000 shares authorized; and 75,435,862 and 69,784,699 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	75	70
Additional paid-in capital	550,389	548,096
Accumulated deficit	(577,819)	(567,332)
Noncontrolling interest	(169)	(169)
Total Stockholders' Deficit	<u>(27,499)</u>	<u>(19,310)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 1,063</u>	<u>\$ 396</u>

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

GT BIOPHARMA, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating expenses:				
Research and development	12	154	336	988
Selling, general and administrative expenses	1,546	2,125	2,292	5,347
Total operating expenses	<u>1,558</u>	<u>2,279</u>	<u>2,628</u>	<u>6,335</u>
Loss from operations	<u>(1,558)</u>	<u>(2,279)</u>	<u>(2,628)</u>	<u>(6,335)</u>
Other income (expense):				
Loss on disposal of assets	-	(31)	-	(31)
Settlement expense	(2,563)	-	(2,563)	-
Interest expense	(4,658)	(479)	(5,296)	(933)
Total other income (expense)	<u>(7,221)</u>	<u>(510)</u>	<u>(7,859)</u>	<u>(964)</u>
Loss before provision for income taxes	(8,779)	(2,789)	(10,487)	(7,299)
Provision for income tax	-	-	-	-
Net loss	<u>(8,779)</u>	<u>(2,789)</u>	<u>(10,487)</u>	<u>(7,299)</u>
Net loss per common share – basic and diluted	<u>\$ (.12)</u>	<u>\$ (.05)</u>	<u>\$ (.15)</u>	<u>\$ (.014)</u>
Weighted average common shares outstanding – basic and diluted	<u>71,899,937</u>	<u>51,918,252</u>	<u>70,978,579</u>	<u>51,507,849</u>

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

GT Biopharma, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Deficit
(In thousands)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
Balance at January 1, 2020	2,450	\$ 25	69,785	\$ 70	\$ 548,096	\$ (567,332)
Issuance of common stock for convertible notes			1,065	1	212	
Beneficial conversion feature of convertible notes			3,500	3	26	
Issuance of common stock for settlement of litigation			1,086	1	1,909	
Issuance of common stock for compensation					146	
Net loss						(10,487)
Balance at June 30, 2020	<u>2,450</u>	<u>\$ 25</u>	<u>75,436</u>	<u>\$ 75</u>	<u>\$ 550,389</u>	<u>\$ (577,819)</u>

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
Balance at January 1, 2019	1,260	\$ 13	50,650	\$ 51	\$ 540,160	\$ (528,685)
Issuance of preferred stock	1,190	12			1,128	
Issuance of common stock for convertible notes			1,994	2	1,040	
Beneficial conversion feature of convertible notes					158	
Issuance of common stock for compensation					2,565	
Net loss						(7,299)
Balance at June 30, 2019	<u>2,450</u>	<u>\$ 25</u>	<u>52,644</u>	<u>\$ 53</u>	<u>\$ 545,051</u>	<u>\$ (535,984)</u>

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

GT Biopharma, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2020 and 2019
(in Thousands)

	<u>2020</u>	<u>2019</u>
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (10,487)	\$ (7,299)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	-	10
Stock compensation expense for options and warrants issued to employees and non-employees	147	3,705
Amortization of debt discounts	1	331
Non-cash interest expense	3,955	1,140
Loss on disposal of assets	-	31
Settlement expense	2,363	-
Changes in operating assets and liabilities:		
Other assets	126	8
Accounts payable and accrued liabilities	261	26
Net cash used in operating activities	<u>(3,634)</u>	<u>(2,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	-	-
Net cash used by investing activities	<u>0</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	4,457	2,352
Loan costs	-	-
Repayment of note payable	-	(100)
Net cash provided by financing activities	<u>4,457</u>	<u>2,252</u>
Minority interest	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	823	204
CASH AND CASH EQUIVALENTS - Beginning of period	28	60
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 851</u>	<u>\$ 264</u>
Supplemental disclosures:		
Interest paid	\$ 69	\$ -
Income taxes paid	\$ -	\$ -
Supplemental disclosures:		
Issuance of common stock upon conversion of convertible notes	\$ 200	\$ 1,035
Issuance of common stock upon conversion of accrued interest	\$ 12	\$ 10

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

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

(UNAUDITED)

1. The Company and Summary of Significant Accounting Policies

Business

In 1965, the corporate predecessor of GT Biopharma, Diagnostic Data, Inc. was incorporated in the State of California. Diagnostic Data changed its incorporation to the State of Delaware in 1972, and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc. In July 2017, the Company changed its name to GT Biopharma, Inc.

The Company is a clinical stage biopharmaceutical company focused on the development and commercialization of novel immuno-oncology products based off our proprietary Tri-specific Killer Engager (TriKE™), Tetra-specific Killer Engager (TetraKE™) and bi-specific ligand-directed single-chain fusion protein technology platforms. The Company's TriKE and TetraKE platforms generate proprietary therapeutics designed to harness and enhance the cancer killing abilities of a patient's own natural killer cells, or NK cells. Once bound to an NK cell, the Company's moieties are designed to enhance the NK cell, and precisely direct it to one or more specifically-targeted proteins expressed on a specific type of cancer cell or virus infected cell, ultimately resulting in the targeted cell's death. TriKEs and TetraKEs are made up of recombinant fusion proteins, can be designed to target any number of tumor antigens on hematologic malignancies, sarcomas or solid tumors and do not require patient-specific customization.

Going Concern

The Company's current operations have focused on business planning, raising capital, establishing an intellectual property portfolio, hiring, and conducting preclinical studies and clinical trials. The Company does not have any product candidates approved for sale and has not generated any revenue from product sales. The Company has sustained operating losses since inception and expects such losses to continue over the foreseeable future.

The financial statements of the Company have been prepared on a goingconcern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments that might be necessary should the Company be unable to continue in existence.

The Company has incurred substantial losses and negative cash flows from operations since its inception and has an accumulated deficit of \$578 million and cash of \$851 thousand as of June 30, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its products currently in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include but are not limited to: public offerings of equity and/or debt securities, payments from potential strategic research and development, and licensing and/or marketing arrangements with pharmaceutical companies. If the Company is unable to secure adequate additional funding, its business, operating results, financial condition and cash flows may be materially and adversely affected.

Use of Estimates

The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenues and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020
(UNAUDITED)

Basis of Consolidation and Comprehensive Income

The accompanying consolidated financial statements include the accounts of GT Biopharma, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. The Company's financial statements are prepared using the accrual method of accounting.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and disclosures required by U.S. GAAP for complete consolidated financial statements have been condensed or omitted herein. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2019 filed with the SEC on March 27, 2020. The unaudited interim condensed consolidated financial information presented herein reflects all normal adjustments that are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. The Company is responsible for the unaudited interim consolidated financial statements included in this report. The results of operations of any interim period are not necessarily indicative of the results for the full year.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Company's cash and cash equivalents, marketable securities and accounts receivable are monitored for exposure to concentrations of credit risk. The Company maintains substantially all of its cash balances in a limited number of financial institutions. The balances are each insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company had a balance of approximately \$600,000 in excess of this limit at June 30, 2020.

Stock Based Compensation to Employees

The Company accounts for its stock-based compensation for employees in accordance with Accounting Standards Codification ("ASC") 718. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees over the related vesting period.

The Company granted no stock options during the six months ended June 30, 2020 and 2019, respectively.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020
(UNAUDITED)

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and other indefinite lived intangible assets. We evaluate our long-lived assets for impairment, other than indefinite lived intangible assets, in accordance with ASC 360, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management's judgment. If any of our intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value.

Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment.

Impairment of Long-Lived Assets

The Company evaluates indefinite lived intangible assets for impairment at least annually and whenever impairment indicators are present in accordance with ASC 350. When necessary, the Company records an impairment loss for the amount by which the fair value is less than the carrying value of these assets. The fair value of intangible assets other than goodwill is typically determined using the "relief from royalty method", specifically the discounted cash flow method utilizing Level 3 fair value inputs. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the projections and the impact of technological risk associated with IPR&D assets, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

The Company performs impairment testing for all other long-lived assets whenever impairment indicators are present. When necessary, the Company calculates the undiscounted value of the projected cash flows associated with the asset, or asset group, and compares this estimated amount to the carrying amount. If the carrying amount is found to be greater, we record an impairment loss for the excess of book value over fair value.

Income Taxes

The Company accounts for income taxes using the asset and liability approach, whereby deferred income tax assets and liabilities are recognized for the estimated future tax effects, based on current enacted tax laws, of temporary differences between financial and tax reporting for current and prior periods. Deferred tax assets are reduced, if necessary, by a valuation allowance if the corresponding future tax benefits may not be realized.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding, convertible notes and debentures (including shares issuable upon conversion of accrued interest or other default amounts with respect to such convertible notes or debentures), stock options and warrants during the period. The weighted average number of potentially dilutive common shares excluded from the calculation of net income (loss) per share totaled in 127,946,216 and 39,416,352 as of June 30, 2020 and 2019, respectively.

Patents

Acquired patents are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with patent applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

(UNAUDITED)

Capitalized cost for pending patents are amortized on a straight-line basis over the remaining twenty year legal life of each patent after the costs have been incurred. Once each patent is issued, capitalized costs are amortized on a straight-line basis over the shorter of the patent's remaining statutory life, estimated economic life or ten years.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which are 3 to 10 years for machinery and equipment and the shorter of the lease term or estimated economic life for leasehold improvements.

Fair Value

The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets include cash equivalents, primarily institutional money market funds, whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. There were not such liabilities at June 30, 2020.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. There were no such assets or liabilities as of June 30, 2020.

Research and Development

Research and development costs are expensed as incurred and reported as research and development expense. Research and development costs totaled \$0.3 million and \$1 million for the six months ended June 30, 2020 and 2019, respectively.

Revenue Recognition

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have continuing involvement through research and development services that are required because our know-how and expertise related to the technology is proprietary to us, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

(UNAUDITED)

Payments related to substantive, performance-based milestones in a research and development arrangement are recognized as revenue upon the achievement of the milestones as specified in the underlying agreements when they represent the culmination of the earnings process. As of June 30, 2020, the Company has not generated any licensing revenue.

2. Debt

Convertible Notes/Debentures

As of June 30, 2020, the Company had approximately \$21.8 million aggregate principal amount of convertible notes and debentures (collectively, the “Convertible Notes”) outstanding that were issued pursuant to securities purchase agreements (or, in the case of the Settlement Notes (as defined herein), the Settlement Agreement (as defined herein)) entered into with numerous investors. The Company issued an additional approximately \$3.2 million aggregate principal amount of Convertible Notes on July 7, 2020. See Note 6, *Subsequent Events* under the caption “Convertible Notes.”

The Convertible Notes are convertible at any time, at the holder’s option, into shares of the Company’s common stock at an initial conversion price, subject to certain beneficial ownership limitations (which vary between maximum ownership of between 4.99% and 9.99%). The conversion price of the Convertible Notes is also generally subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion price then in effect. The conversion price for each of the Company’s outstanding Convertible Notes is currently \$0.20 per share. In addition, approximately \$5.2 million aggregate principal amount of the Company’s Convertible Notes will be subject to mandatory conversion in connection with the completion of a future financing in the amount of at least \$15 million, subject to the beneficial ownership limitations described above.

The Convertible Notes generally have terms of six months to one year and mature between August 2, 2019 and January 7, 2021 unless earlier converted or repurchased. The Convertible Notes each accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default with respect to certain of the Convertible Notes. Interest is payable in cash or, with respect to certain of the Convertible Notes, and at the holder’s option, in shares of common stock based on the conversion price then in effect.

Pursuant to the terms of the Settlement Notes, the Company is required to make an offer to repurchase, at the holder’s option, the Settlement Notes at price in cash equal to 100% of the aggregate principal amount of the Settlement Note plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase following the consummation by the Company of a financing transaction, or a series of transactions, resulting in aggregate gross proceeds to the Company in excess of \$7.5 million. Generally, the Company otherwise does not have the right to prepay any of the Convertible Notes without the prior written consent of the holders of such securities.

The Convertible Notes contain a number of affirmative and negative covenants and customary events of default. As of June 30, 2020, approximately \$13.2 aggregate principal amount of our Convertible Notes were in default. See “*Forbearance Agreements*” below.

The securities purchase agreements and Settlement Agreement, as applicable, also generally contain certain ongoing covenants of the Company, including rights of participation in certain future financing transactions, limitations on future variable rate transactions and “at-the-market” offerings and “most favored nation” provisions giving holders of certain of the Convertible Notes the benefit of any terms or conditions under which the Company agrees to issue or sell any common stock or common stock equivalents that are more favorable to an investor than the terms and conditions granted to such holder under the applicable securities purchase agreement and the transactions contemplated thereby.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

(UNAUDITED)

The Convertible Notes are senior obligations of the Company. In addition, approximately \$8.9 million aggregate principal amount of the Convertible Notes are secured by a first priority security interest in substantially all of the assets of the Company and its subsidiaries. Convertible Notes are also secured by individual pledges by certain of our current and former officers and directors of our common stock owned by such officer and directors.

For additional information about the Convertible Notes, see Note 4, *Debt* to the Company's audited consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2019.

Forbearance Agreements

Effective as of June 23, 2020, the Company entered into Standstill and Forbearance Agreements (collectively, the "Forbearance Agreements") with the holders of \$13.2 million aggregate principal amount of the Convertible Notes (the "Default Notes"), which are currently in default. Pursuant to the Forbearance Agreements, the holders of the Default Notes have agreed to forbear from exercising their rights and remedies under the Default Notes (including declaring such Default Notes (together with any default amounts and accrued and unpaid interest) immediately due and payable) until the earlier of (i) the date that the Company completes a future financing in the amount of \$15 million and, in connection therewith, commences listing on NASDAQ (collectively, the "New Financing") or (ii) October 1, 2020 (the "Termination Date"). As a result of the ongoing default, the Default Notes are currently accruing interest at the default rate of 18% per annum and have accrued additional default amounts of approximately \$3.9 million in the aggregate as of June 30, 2020.

The obligations of the holders to forbear from exercising their rights and remedies under the Default Notes pursuant to the Forbearance Agreements will terminate on the earliest of (i) the Termination Date, (ii) the date of any bankruptcy filing by the Company or its subsidiaries, (iii) the date on which the Company defaults on any of the terms and conditions of the Forbearance Agreements or (iv) the date the Forbearance Agreements are otherwise terminated or expire.

The Forbearance Agreements contain various customary and other representations, warranties and covenants of the Company and the holders of the Default Notes, including an agreement that the Default Notes (together with default amounts and accrued and unpaid interest) will be converted into common stock upon the closing of a New Financing at a conversion price equal to the lesser of (i) the conversion price in effect for the Default Notes on the date of such New Financing or (ii) 75% of the lowest per share price at which common stock is or may be issued in connection with such New Financing, in each case, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). Shares of the Company's preferred stock, which are convertible into the Company's common stock, will be issued in lieu of common stock to the extent that conversion of the Default Notes is prohibited by such beneficial ownership limitations.

Settlement Notes

On June 19, 2020, the Company entered into a settlement agreement (the "Settlement Agreement") with Empery Asset Master Ltd., Empery Tax Efficient, LP and Empery Tax Efficient II, LP (collectively, the "Empery Funds"), Anthony Cataldo and Paul Kessler resolving all remaining disputes between the parties pertaining to certain Convertible Notes and warrants to purchase common stock of the Company (collectively, the "Original Securities") issued by the Company to the Empery Funds in January 2018 pursuant to a securities purchase agreement. In connection with the Settlement Agreement, the Company issued Convertible Notes in an aggregate principal amount of \$450,000 (the "Settlement Notes") to the Empery Funds on June 19, 2020. The Settlement Notes are convertible at any time, at the holder's option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 4.99%).

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

(UNAUDITED)

The Settlement Notes mature on December 19, 2020, unless earlier converted or repurchased. The terms of the Settlement Notes are generally the same as the Company's other Convertible Notes, except that the Company is required to make an offer to repurchase, at the option of each holder, the Settlement Notes at price in cash equal to 100% of the aggregate principal amount of the Settlement Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase following the consummation by the Company of a financing transaction, or a series of transactions, resulting in aggregate gross proceeds to the Company in excess of \$7.5 million.

Fiscal 2019 and Fiscal 2020 Convertible Notes Transactions

On February 4, 2019, the Company entered into a securities purchase agreement with certain purchasers pursuant to which it issued secured Convertible Notes in an aggregate principal amount of \$1,352,224, consisting of gross proceeds of \$1,052,224 and settlement of existing debt of \$300,000, which Convertible Notes were convertible into common stock at an initial conversion price of \$0.60 per share.

On May 22, 2019, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$1,300,000, which Convertible Notes were convertible into the Company's common stock at an initial conversion price of \$0.35 per share.

Between July 31 and August 28, 2019, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$975,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On December 19, 2019, the Company entered into a securities purchase agreement with one purchaser pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$200,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On January 30, 2020, the Company entered into a securities purchase agreement with one purchaser pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$200,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

Between April 20 and May 7, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$2,017,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On June 19, 2020, the Company entered into the Settlement Agreement pursuant to which the Company issued the Settlement Notes in an aggregate principal amount of \$450,000, which Settlement Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On July 7, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$3,190,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

Gemini Financing Agreement

On November 8, 2010, the Company entered into a financing arrangement with Gemini Pharmaceuticals, Inc., a product development and manufacturing partner of the Company, pursuant to which Gemini Pharmaceuticals made a \$250,000 strategic equity investment in the Company and agreed to make a \$750,000 purchase order line of credit facility available to the Company. The outstanding principal of all advances under the line of credit will bear interest at the rate of interest of prime plus 2% per annum. There is \$31,000 due on this credit line at June 30, 2020.

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3. Stockholders' Equity

Common Stock

Our authorized capital stock consists of 750,000,000 shares of common stock, par value \$0.001 per share, and 15,000,000 shares of preferred stock, par value \$0.01 per share. As of June 30, 2020, 75,435,862 shares of common stock were issued and outstanding.

During the six months ended June 30, 2020, the Company issued 1,064,734 shares of common stock upon conversion of \$212,947 in principal and interest on Convertible Notes.

On May 1, 2020, the Company issued 1,086,429 shares of common stock for consulting services.

On June 19, 2020, the Company issued 3,500,000 shares of common stock pursuant to the Settlement Agreement.

Preferred Stock

The 96,230 shares of Series C preferred stock, par value \$0.01 per share (the "Series C Preferred Stock"), are convertible into 111 shares of the Company's common stock at the option of the holders at any time. The conversion ratio is based on the average closing bid price of the common stock for the fifteen consecutive trading days ending on the date immediately preceding the date notice of conversion is given, but cannot be less than 0.20 or more than 0.2889 common shares for each share of Series C Preferred Stock. The conversion ratio may be adjusted under certain circumstances such as stock splits or stock dividends. The Company has the right to automatically convert the Series C Preferred Stock into common stock if the Company lists its shares of common stock on the Nasdaq National Market and the average closing bid price of the Company's common stock on the Nasdaq National Market for 15 consecutive trading days exceeds \$3,000.00. Each share of Series C Preferred Stock is entitled to the number of votes equal to 0.26 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C Preferred Stock were purchased. In the event of liquidation, the holders of the Series C Preferred Stock shall participate on an equal basis with the holders of the common stock (as if the Series C Preferred Stock had converted into common stock) in any distribution of any of the assets or surplus funds of the Company. The holders of Series C Preferred Stock are entitled to noncumulative dividends if and when declared by the Company's board of directors (the "Board"). No dividends to holders of the Series C Preferred Stock were issued or unpaid through June 30, 2020.

On September 1, 2017, the Company designated 2,000,000 shares of Series J preferred stock (the "Series J Preferred Stock"). On the same day, the Board issued 1,513,548 shares of Series J Preferred Stock in exchange for the cancellation of certain indebtedness. In the first quarter of 2019, it was discovered that a certificate of designation with respect to the Series J Preferred Stock had never been filed with the Office of the Secretary of State for the State of Delaware. Legal research determined that despite the fact the Company had issued shares of Series J Preferred Stock, those shares had, in fact, never existed.

To remedy the situation, on April 4, 2019, the Company filed a certificate of designation with the Office of the Secretary State for the State of Delaware designating a series of preferred stock as the Series J-1 preferred stock, par value \$0.01 per share (the "Series J-1 Preferred Stock"). On April 19, 2019, the Company issued 2,353,548 shares of Series J-1 Preferred Stock. The issuance was in lieu of the Series J Preferred Stock that should have been issued on September 1, 2017, and in settlement for not receiving preferred stock until 20 months after the debt for which the stock was issued was cancelled. The Company reflected an expense in general and administrative costs in the quarter ended June 30, 2019 totaling \$1,140,000.

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(UNAUDITED)

Shares of the Series J-1 Preferred Stock are convertible at any time, at the option of the holders, into shares of the Company's common stock at an effective conversion price of \$0.20 per share, subject to adjustment for, among other things, stock dividends, stock splits, combinations, reclassifications of our capital stock and mergers or consolidations, and subject to a beneficial ownership limitation which prohibits conversion if such conversion would result in the holder (together with its affiliates) being the beneficial owner of in excess of 9.99% of the Company's common stock. Shares of the Series J-1 Preferred Stock have the same voting rights a shares of the Company's common stock, with the holders of the Series J-1 Preferred Stock entitled to vote on an as-converted-to-common stock basis, subject to the beneficial ownership limitation described above, together with the holders of the Company's common stock on all matters presented to the Company's stockholders. The Series J-1 Preferred Stock are not entitled to any dividends (unless specifically declared by the Board), but will participate on an as-converted-to-common-stock basis in any dividends to the holders of the Company's common stock. In the event of the Company's dissolution, liquidation or winding up, the holders of the Series J-1 Preferred Stock will be on parity with the holders of the Company's common stock and will participate, on a on an as-converted-to-common stock basis, in any distribution to holders of the Company's common stock.

4. Stock Options and Warrants

Stock Options

The following table summarizes stock option transactions for the six months ended June 30, 2020:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2019	40	\$ 877.50
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding, June 30, 2020	40	\$ 877.50
Exercisable, June 30, 2020	40	\$ 877.50

Common Stock Warrants

Warrant transactions for the six months ended June 30, 2020 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2019:	1,813,053	\$ 0.20
Granted	5,500,000	\$ 0.20
Forfeited/canceled	480,352	\$ 0.20
Exercised	-	-
Outstanding at June 30, 2020	6,832,701	\$ 0.20
Exercisable at June 30, 2020	6,832,701	\$ 0.20

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(UNAUDITED)

Settlement Warrants

Pursuant to the Settlement Agreement, the Company issued pre-funded warrants to purchase up to an aggregate of 5,500,000 shares of common stock (the "Settlement Warrants") at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances. The Settlement Warrants expire on June 19, 2025. The aggregate exercise price of the Settlement Warrants was deemed to be pre-funded to the Company in conjunction with exchange of previously issued warrants to purchase 480,352 shares of common stock pursuant to the Settlement Agreement. Exercise of the Settlement Warrant is subject to certain additional terms and conditions, including certain beneficial ownership limitations.

Forbearance Agreements

Pursuant to the Forbearance Agreements, (i) the exercise price of all warrants to purchase common stock held by holders of the Default Notes will be reduced to equal the conversion price of the Default Notes and (ii) the number of shares of common stock underlying such warrants shall be increased so that the total exercise price of all such warrants after the decrease in the exercise price equals the total exercise price of all such warrants prior to the decrease in the exercise price. Further, the expiration date of all such warrants shall be extended for three years following the closing date of any New Financing.

5. Commitments and Contingencies

Leases

On October 1, 2018, the Company entered into a three-year lease agreement for its office in Westlake Village, CA. In addition to minimum rent, certain leases require payment of real estate taxes, insurance, common area maintenance charges and other executory costs. The Company recognizes rent expense under such arrangements on a straight-line basis over the effective term of each lease.

The following table summarizes the Company's future minimum lease commitments as of June 30, 2020:

Year ending December 31:	
2020	36,000
2021	61,000
Total minimum lease payments	<u>\$ 97,000</u>

Rent expense for the six months ended June 30, 2020 and 2019 was \$35,000 and \$35,000, respectively.

6. Subsequent Events

Convertible Notes

On July 7, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$3,190,000 (the "July 2020 Notes"). The July 2020 Notes are convertible at any time, at the holder's option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%).

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(UNAUDITED)

The July 2020 Notes mature on January 7, 2021, unless earlier converted or repurchased. The terms of the July 2020 Notes are generally the same as the Company's other Convertible Notes, except that the July 2020 Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the July 2020 Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above. See Note 2, *Debt* under the caption "Convertible Notes/Debentures" for additional information regarding the terms of the Company's Convertible Notes.

Common Stock

In July 2020, the Company issued 1,125,000 shares of common stock upon conversion of \$225,000 aggregate principal amount of Convertible Notes.

Warrant

On July 28, 2020, the Company issued a warrant to purchase up to an aggregate of 1,000,000 shares of common stock at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances. The warrant expires on July 28, 2025. The warrant was issued as compensation for certain services provided to the Company.

Employment Agreements

Effective August 1, 2020 (the "Effective Date"), the Company and Anthony J. Cataldo ("Mr. Cataldo") entered into an employment agreement (the "Cataldo Agreement") appointing Mr. Cataldo the Executive Chairman of the Company. The term of the Cataldo Agreement is three years (the "Initial Term") with the option of one-year renewals thereafter. During the Term, Mr. Cataldo will be paid a cash salary of \$30,000 per month together with customary benefits, expense reimbursement and the possibility of performance bonuses. In consideration for remaining with the Company for the full three years of the Initial Term, Mr. Cataldo will receive a stock grant equal to ten percent of the issued and outstanding common stock of the Company on a fully diluted basis, calculated with the inclusion of the current stock holdings of Mr. Cataldo. Prior to the Effective Date, Mr. Cataldo was serving as the chief executive officer and chairman of the board of the Company.

Effective August 1, 2020 (the "Effective Date"), the Company and Steven Weldon ("Mr. Weldon") entered into an employment agreement (the "Weldon Agreement") appointing Mr. Weldon the Chief Financial Officer of the Company. The term of the Weldon Agreement is three years (the "Initial Term") with the option of one-year renewals thereafter. During the Term, Mr. Weldon will be paid a cash salary of \$25,000 per month together with customary benefits, expense reimbursement and the possibility of performance bonuses. In consideration for remaining with the Company for the full three years of the Initial Term, Mr. Weldon will receive a stock grant equal to seven percent of the issued and outstanding common stock of the Company on a fully diluted basis, calculated with the inclusion of the current stock holdings of Mr. Weldon. Prior to the Effective Date, Mr. Weldon was serving as the chief financial officer, principal accounting officer and as a director of the Company.

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

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this Quarterly Report on Form 10-Q are “forward-looking statements” within the meaning of the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding our current beliefs, goals and expectations about matters such as our expected financial position and operating results, our business strategy and our financing plans. The forward-looking statements in this report are not based on historical facts, but rather reflect the current expectations of our management concerning future results and events. The forward-looking statements generally can be identified by the use of terms such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “may,” “guidance,” “estimate,” “potential,” “outlook,” “target,” “forecast,” “likely” or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals are, or may be, forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. We cannot guarantee that our forward-looking statements will turn out to be correct or that our beliefs and goals will not change. Our actual results could be very different from and worse than our expectations for various reasons. You should review carefully all information, including the discussion of risk factors under “Part I. Item 1A: Risk Factors” and “Part II. Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the Form 10-K for the year ended December 31, 2019. Any forward-looking statements in the Form 10-Q are made only as of the date hereof and, except as may be required by law, we do not have any obligation to publicly update any forward-looking statements contained in this Form 10-Q to reflect subsequent events or circumstances.

Throughout this Quarterly Report on Form 10-Q, the terms “GTBP,” “we,” “us,” “our,” “the company” and “our company” refer to GT Biopharma, Inc., a Delaware corporation formerly known as Oxis International, Inc., DDI Pharmaceuticals, Inc. and Diagnostic Data, Inc. together with our subsidiaries.

Overview

We are a clinical stage biopharmaceutical company focused on the development and commercialization of novel immuno-therapeutic products based on our proprietary Tri-specific Killer Engager (TriKE™) and Tetra-specific Killer Engager (TetraKE™) platform technologies. Our TriKE and TetraKE platforms generate proprietary therapeutic candidates that are designed to harness and enhance the immune response of a patient’s endogenous NK cells. Once bound to an NK cell, our platform moieties are designed to enhance the activity of NK cells, with targeted direction to one or more proteins expressed on a specific type of cancer cell or virus infected cell, ultimately resulting in targeted cell death. We have constructed our TriKEs and TetraKEs of recombinant fusion proteins that can be designed to target a wide array of tumor antigen that may be located on hematologic malignancies, sarcomas or solid tumors. Our TriKEs and TetraKEs do not require patient-specific or autologous customization.

We are using our TriKE and TetraKE platforms with the intent to bring to market products that treat a range of hematologic malignancies, sarcomas, solid tumors and selected infectious diseases. Our platforms are scalable, and in addition to our first clinical indication of our TriKE platform in relapsed or refractory acute myelogenous leukemia, we are preparing investigational new drug applications based on a specific TriKE or TetraKE design. We intend to continue to advance into the clinic, on our own or through potential collaborations with larger companies, multiple TriKE or TetraKE product candidates. We believe our TriKEs and TetraKEs may have the ability, if approved for marketing, to be used as monotherapy, be dosed concomitantly with current monoclonal antibody therapeutics, be used in conjunction with more traditional cancer therapy, and potentially overcome certain limitations of current chimeric antigen receptor therapy.

We are also using our TriKE and TetraKE platforms to develop therapeutics for the treatment of infectious diseases such as human immunodeficiency virus (“HIV”) and COVID-19 infection. For example, while the use of anti-retroviral drugs has substantially improved the morbidity and mortality of individuals infected with HIV, these drugs are designed to suppress virus replication and to help modulate progression to AIDS and to limit further transmission of the virus. Despite the use of anti-retroviral drugs, infected individuals retain reservoirs of latent HIV-infected cells that, upon cessation of anti-retroviral drug therapy, can reactivate and reestablish an active HIV infection. Destruction of these latent HIV infected cells is the primary objective of curative therapy. Our HIV-TriKE contains the antigen binding fragment (Fab) from a broadly-neutralizing antibody targeting the HIV-Env protein. The HIV-TriKE is designed to target HIV while redirecting NK cell killing specifically to actively replicating HIV infected cells. The HIV-TriKE induced NK cell proliferation and demonstrated the ability in vitro to reactivate and kill HIV-infected T-cells. These findings indicate a potential role for the HIV-TriKE in the reactivation and elimination of the latently infected HIV reservoir cells by harnessing the NK cell’s ability to mediate the antibody-directed cellular cytotoxicity.

We have licensed the exclusive rights from the University of Minnesota to the TriKE and TetraKE platforms.

Recent Developments

Collaboration Agreement

On March 10, 2020, we entered into a collaboration agreement with Cytovance® Biologics, a USA-based contract development and manufacturing organization and a subsidiary of Hepalink, to provide development services for a TriKE therapeutic for the treatment of the coronavirus infection. Under the terms of the collaboration agreement, the companies will focus on preparing sufficient quantities of our coronavirus TriKE drug product for preclinical evaluation using Cytovance's E. coli-based *Keystone Expression System*™ and subsequently, will scale-up production using Cytovance's GMP microbial manufacturing platform for evaluation of TriKE in humans to treat the coronavirus infection.

Bridge Financing

Between April 20 and July 7, 2020, we entered into securities purchase agreements pursuant to which we issued Convertible Notes (including the July 2020 Notes) in an aggregate principal amount of approximately \$5.2 million (collectively, the "Bridge Notes"), which, together with an additional \$0.4 million aggregate principal amount of Convertible Notes issued between December 2019 and January 2020, completed our previously announced bridge financing (the "Bridge Financing") resulting in gross proceeds to us of approximately \$5.6 million. The Bridge Notes are convertible at any time, at the holder's option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%).

The Bridge Notes each have a term of six months and mature between August 20, 2020 and January 7, 2021, unless earlier converted or repurchased. The terms of the Bridge Notes are generally the same as the Company's other Convertible Notes, except that the Bridge Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the Bridge Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above.

The additional \$0.4 million aggregate principal amount of Convertible Notes issued between December 2019 and January 2020 as part of the Bridge Financing have the same terms as the Bridge Notes, except that they are not subject to mandatory conversion in connection with a subsequent financing.

See Note 2, *Debt* under the caption "Convertible Notes/Debentures" for additional information regarding the terms of the Company's Convertible Notes.

Forbearance Agreements

Effective as of June 23, 2020, we entered into the Forbearance Agreements with the holders of approximately \$13.2 million aggregate principal amount of the Default Notes, which are currently in default. Pursuant to the Forbearance Agreements, the holders of the Default Notes have agreed to forbear from exercising their rights and remedies under the Default Notes (including declaring such Default Notes (together with default amounts and accrued and unpaid interest) immediately due and payable) until the earlier of (i) the date that we complete a New Financing or (ii) the Termination Date.

Pursuant to the Forbearance Agreement, the holders of the Default Notes have also agreed that the Default Notes (together with default amounts and accrued and unpaid interest) will be converted into common stock upon the closing of a New Financing at a conversion price equal to the lesser of (i) the conversion price in effect for the Default Notes on the date of such New Financing or (ii) 75% of the lowest per share price at which common stock is or may be issued in connection with such New Financing, in each case, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). Shares of our preferred stock, which are convertible into the Company's common stock, will be issued in lieu of common stock to the extent that conversion of the Default Notes is prohibited by such beneficial ownership limitations.

In addition, to the extent that any holders of the Default Notes also hold warrants to purchase shares of the Company's common stock, the exercise price, number of underlying shares and expiration date of such warrants will also be subject to adjustment upon closing of a New Financing in accordance with the terms of the Forbearance Agreements.

Settlement with Empery Funds

Settlement Agreement

On June 19, 2020, we entered into the Settlement Agreement with the Empery Funds, Anthony Cataldo and Paul Kessler resolving all remaining disputes between the parties pertaining to the Original Securities. See Part II, Item 1. "Legal Proceedings."

As a result of the Settlement Agreement, the Company paid the Empery Funds cash payments in an aggregate amount of \$0.2 million. In addition, pursuant to the Settlement Agreement, the Company issued to the Empery Funds, solely in exchange for the outstanding Original Securities, (i) an aggregate of 3.5 million shares of common stock, (ii) pre-funded warrants to purchase an aggregate of 5.5 million shares of common stock and (iii) Convertible Notes in an aggregate principal amount of \$0.45 million.

Settlement Notes

The Settlement Notes are convertible at any time, at the holder's option, into shares of common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 4.99%). The Settlement Notes mature on December 19, 2020. The terms of the Settlement Notes are generally the same as the Company's other Convertible Notes, except that the Company is required to make an offer to repurchase, at the holder's option, the Settlement Notes at price in cash equal to 100% of the aggregate principal amount of the Settlement Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase following the consummation by the Company of a financing transaction, or a series of transactions, resulting in aggregate gross proceeds to the Company in excess of \$7.5 million.

Settlement Warrants

The Settlement Warrants provide for the purchase of up to an aggregate of 5.5 million shares of common stock at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances, and expire on June 19, 2025. Exercise of the warrant is subject to certain additional terms and conditions, including certain beneficial ownership limitations (with a maximum ownership limit of 4.99%).

Results of Operations

Comparison of the Three Months Ended June 30, 2020 and 2019

Research and Development Expenses

During the three months ended June 30, 2020 and 2019, we incurred \$12 thousand and \$154 thousand of research and development expenses, respectively. Research and development costs decreased due primarily to the reduction of employee, consultant and preclinical expenses. We anticipate our direct clinical costs will increase in the second half of 2020 with the continuation of our Phase I clinical trial of our most advanced TriKe product candidate, GTB-3550.

Selling, general and administrative expenses

During the three months ended June 30, 2020 and 2019, we incurred \$1.5 million and \$2.1 million of selling, general and administrative expenses, respectively. The decrease in selling, general and administrative expenses is primarily attributable the reduction of payroll and stock compensation expenses.

Interest Expense

Interest expenses were \$4.6 million and \$0.5 million for the three months ended June 30, 2020 and 2019, respectively. The increase is primarily due to the accrual of default interest under the Default Notes.

Comparison of the Six Months Ended June 30, 2020 and 2019

Research and Development Expenses

During the six months ended June 30, 2020 and 2019, we incurred \$336 thousand and \$1 million of research and development expenses, respectively. Research and development costs decreased due primarily to the reduction of employee, consultant and preclinical expenses. We anticipate our direct clinical costs will increase in the second half of 2020 upon the continuation of our Phase I clinical trial of our most advanced TriKe product candidate, GTB-3550.

Selling, general and administrative expenses

During the six months ended June 30, 2020 and 2019, we incurred \$2.3 million and \$5.3 million of selling, general and administrative expenses, respectively. The decrease in selling, general and administrative expenses is primarily attributable the reduction of payroll and stock compensation expenses.

Interest Expense

Interest expenses were \$5.3 million and \$0.9 million for the six months ended June 30, 2020 and 2019 respectively. The increase is primarily due to the accrual of default interest under the Default Notes.

Liquidity and Capital Resources

The Company's current operations have focused on business planning, raising capital, establishing an intellectual property portfolio, hiring, and conducting preclinical studies and clinical trials. The Company does not have any product candidates approved for sale and has not generated any revenue from product sales. The Company has sustained operating losses since inception and expects such losses to continue over the foreseeable future. During the six months ended June 30, 2020, the Company raised \$4.5 million through a series of issuances of Convertible Notes. We anticipate that cash utilized for selling, general and administrative expenses will range between \$1 and \$2 million in the coming quarters, while research and development expenses will vary depending on clinical activities. The Company is pursuing several alternatives to address this situation, including the raising of additional funding through equity or debt financings. In order to finance existing operations and pay current liabilities over the next 12 months, the Company will need to raise an additional \$15 million of capital in 2020.

The financial statements of the Company have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments that might be necessary should the Company be unable to continue in existence.

The Company has incurred substantial losses and negative cash flows from operations since its inception and has an accumulated deficit of \$577 million and cash of \$851 thousand as of June 30, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales or revenue from out-licensing of its products currently in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include but are not limited to: public offerings of equity and/or debt securities, payments from potential strategic research and development, licensing and/or marketing arrangements with pharmaceutical companies. Management has also implemented cost saving efforts, including reduction in executive salaries and reduced travel. Management believes that these ongoing and planned financing endeavors, if successful, will provide adequate financial resources to continue as a going concern for at least the next six months from the date the financial statements are issued; however, there can be no assurance in this regard. If the Company is unable to secure adequate additional funding, its business, operating results, financial condition and cash flows may be materially and adversely affected.

Critical Accounting Policies

We consider the following accounting policies to be critical given they involve estimates and judgments made by management and are important for our investors' understanding of our operating results and financial condition.

Basis of Consolidation

The consolidated financial statements contained in this report include the accounts of GT Biopharma, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated.

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and goodwill and other assets. We evaluate our long-lived assets for impairment in accordance with ASC 360, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management's judgment. If any of our intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value.

Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment. Goodwill and other assets are not amortized.

Certain Expenses and Liabilities

On an ongoing basis, management evaluates its estimates related to certain expenses and accrued liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Inflation

We believe that inflation has not had a material adverse impact on our business or operating results during the periods presented.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements as of June 30, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

This company qualifies as a smaller reporting company, as defined in 17 C.F.R. §229.10(f)(1) and is not required to provide information by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer evaluated the effectiveness of our “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of June 30, 2020. Based on that evaluation we have concluded that our disclosure controls and procedures were not effective as of June 30, 2020 as a result of material weaknesses in internal control over financial reporting due to (i) inadequate segregation of duties, (ii) risks of executive override and (iii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both U.S. GAAP and SEC regulation, in each case, as described in “Item 9A. Controls and Procedures” in the Company’s Form 10-K for the year ended December 31, 2019.

The Company is taking steps, and intends to take additional steps, to mitigate the issues identified and implement a functional system of internal control over financial reporting. Such measures will include, but not be limited to: hiring of additional employees in our finance and accounting department; preparation of risk-control matrices to identify key risks and develop and document policies to mitigate those risks; and identification and documentation of standard operating procedures for key financial and SEC reporting activities.

Changes in Internal Control over Financial Reporting

Except for the ongoing remediation of the material weaknesses in internal controls over financial reporting noted above, no changes in our internal control over financial reporting were made during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On December 24, 2018, the Empery Funds filed in the N.Y. Supreme Court, Index No. 656408/2018, alleging causes of action against the Company for Breach of Contract, Liquidated Damages, Damages, and Indemnification. The claims arose out of a securities purchase agreement entered into between the Empery Funds and the Company pursuant to which the Company issued the Original Securities to the Empery Funds in or around January 2018. On June 19, 2020, the Company and the Empery Funds, among others, entered into the Settlement Agreement resolving all remaining disputes between the parties pertaining to the Original Securities. See “Part I, Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*—“under the caption” *Recent Developments—Settlement with Empery Funds*.”

On August 28, 2019, a complaint was filed in the Superior Court of California, County of Los Angeles, West Judicial District, Santa Monica Courthouse, Unlimited Civil Division by Jeffrey Lion and Daniel Vallera. Lion and Vallera are referred to jointly as the “Plaintiffs.” The complaint was filed against the Company and its subsidiary Oxis Biotech, Inc. (either of them or jointly, the “Defendant”). The Plaintiffs allege breach of a license agreement between the Plaintiffs and the Defendant entered into on or about September 3, 2015. Lion alleges breach of a consulting agreement between Lion and the Defendant entered into on or about September 1, 2015. Vallera alleges breach of a consulting agreement between Vallera and the Defendant entered into in or around October, 2018. The complaint seeks actual damages of \$1,670,000, for the fair market value of the number of shares of the Company’s common stock that at the time of judgment represent 15,000,000 shares of such stock as of September 1, 2015, and that the Company issue Lion the number of common shares the Company’s common stock that at the time of judgment represent 15,000,000 such shares as of September 1, 2015.

Item 1A. Risk Factors

Information regarding risk factors appears under “Risk Factors” included in Part I. Item 1A. Risk Factors. of our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes from the risk factors previously disclosed in the above-mentioned periodic report.

Item 2. Unregistered Sales of Securities and Use of Proceeds

The Company made the following issuances of its unregistered equity securities pursuant exemptions contained in Section 4(a)(2) or 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”) and/or Rule 506 of Regulation D promulgated thereunder that have not previously been reported:

- On May 1, 2020, the Company issued 1,086,429 shares of common stock for consulting services.
- In July 2020, the Company issued 1,125,000 shares of common stock upon conversion of \$225,000 aggregate principal amount of Convertible Notes.
- On July 28, 2020, the Company issued a warrant to purchase up to an aggregate of 1,000,000 shares of common stock at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances. The warrant was issued as compensation for certain services provided to the Company.

Item 3. Defaults Upon Senior Securities.

As of June 30, 2020, convertible notes totaling approximately \$13.2 million are in default.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit	Description	Herewith	Incorporated by Reference			
			Form	Number	SEC File No.	Filing Date
10.1	Form Securities Purchase Agreement among GT Biopharma, Inc. and the purchaser named therein (executed in April/May 2020)		10-Q	10.4	000-08092	05/15/20
10.2	Form of Registration Rights Agreement among GT Biopharma, Inc. and the purchaser named therein (executed in April/May 2020)		10-Q	10.5	000-08092	05/15/20
10.3	Form of Convertible Note (related to Securities Purchase Agreement executed in April/May 2020)		10-Q	10.6	000-08092	05/15/20
10.4	Securities Purchase Agreement, dated July 7, 2020, among GT Biopharma, Inc. and the purchaser named therein		8-K	10.1	000-08092	07/09/20
10.5	Registration Rights Agreement, dated July 7, 2020, among GT Biopharma, Inc. and the purchaser named therein		8-K	10.3	000-08092	07/09/20
10.6	Form of Convertible Note (related to Securities Purchase Agreement, dated July 7, 2020)		8-K	4.1	000-08092	07/09/20
10.7	Form of Standstill and Forbearance Agreement, dated June 23, 2020, between the Company and certain holders of Convertible Notes		8-K	10.1	000-08092	06/23/20
10.8	Settlement Agreement, dated June 19, 2020, among GT Biopharma, Inc., Empery Asset Master Ltd., Empery Tax Efficient, LP and Empery Tax Efficient II, LP, Anthony Cataldo and Paul Kessler		8-K	10.1	000-08092	06/19/20
10.9	Form of Convertible Note, dated June 19, 2020 (related to Settlement Agreement, dated June 19, 2020)		8-K	10.2	000-08092	06/19/20
10.10	Form of Pre-Funded Warrant to Purchase Common Stock, dated June 19, 2020 (related to Settlement Agreement, dated June 19, 2020)		8-K	10.3	000-08092	06/19/20
10.11	Employment agreement with Anthony Cataldo	X				
10.12	Employment agreement with Steven Weldon	X				
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.	X				
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended.	X				
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).	X				
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).	X				
101.INS	Inline XBRL Instance Document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X				

* This certification shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that Section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

Dated: August 14, 2020

GT Biopharma, Inc.

By: /s/ Anthony Cataldo
Anthony Cataldo
Chief Executive Officer and Chairman of the Board

Dated: August 14, 2020

By: /s/ Steven Weldon
Steven Weldon
Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into by and among GT Biopharma, Inc. and Anthony J. Cataldo ("Executive") as August 11, 2020 (the "Effective Date").

WHEREAS, each Company is desirous of employing Executive, and Executive wishes to be employed by each Company in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, IT IS MUTUALLY AGREED AS FOLLOWS:

1. **Position and Duties:** Executive shall be employed by each Company as its Executive Chairman ("Chairman") reporting to the Board of Directors of each Company. Chairman agrees to devote the necessary business time, energy and skill to his duties at each Company, and will be permitted engage in outside consulting and/or employment provided said services do not materially interfere with Executive's obligations to each Company under the terms of this Agreement. These duties of Executive under this Agreement shall include all those duties customarily performed by a Chairman as well as providing advice and consultation on general corporate matters and other projects as may be assigned by the Company's Board of Directors on an as needed basis. During the term of Executive's employment, Executive shall be permitted to serve on boards of directors of for-profit or not-for-profit entities provided such service does not adversely affect the performance of Executive's duties to the Company under this Agreement, and are not in conflict with the interests of the Company.

Executive shall be nominated to stand for election to the Board of Directors of each Company of its scheduled shareholders meeting so long as Executive remains as Chairman of either Company. As a member of each Company's Board, Executive shall continue to be subject to the provisions of each Company's bylaws and all applicable general corporation laws relative to her position on the Board. In addition to each Company's bylaws, as a member of the Board, Executive shall also be subject to the statement of powers, both specific and general, set forth in each Company's Articles of Incorporation.

2. **Term of Employment:** This Agreement shall remain in effect for a period of three years from the Effective Date, and thereafter will automatically renew for successive one year periods unless either party provides ninety days' prior written notice of termination. In the event either Company elects to terminate the Agreement, such termination shall be considered to be an Involuntary Termination, and Executive shall be provided benefits as provided in this Agreement. Upon the termination of Executive's employment for any reason, neither Executive nor the Companies shall have any further obligation or liability under this Agreement to the other, except as set forth below.

3. **Compensation:** Executive shall be compensated by the Parent for his services to the Companies as follows:

(a) **Base Salary:** Executive shall be paid a monthly Base Salary of \$360,000.00 per year. The monthly cash payment will be subject to applicable withholding, in accordance with the Parent's normal payroll procedures. Executive's salary shall be reviewed on at least an annual basis and may be adjusted as appropriate, but in no event shall it be reduced to an amount below Executive's salary then in effect. In the event of such an adjustment, that amount shall become Executive's Base Salary. Furthermore, during the term of this Agreement, in no event shall Executive's compensation be less than any other officer or employee of either Company or any subsidiary.

(b) **Benefits:** Executive shall have the right, on the same basis as other senior executives of either Company, to participate in and to receive benefits under any of either Company's employee benefit plans, medical insurance (which extends to Executives immediate family), as such plans may be modified from time to time, and provided that in no event shall Executive receive less than (4) four weeks paid vacation per annum, (6) six paid sick days per annum, and (5) five paid personal days per annum.

(c) **Performance Bonus:** Executive shall have the opportunity to earn a performance bonus in accordance with the Parent's Performance Bonus Plan if in effect ("Target Bonus"); if the Parent does not have a Bonus Plan in effect at any given time during the term of this Agreement, then the Parent's Compensation Committee or Board of Directors shall have discretion as to determining bonus compensation for Executive.

(d) **General Grant:** Executive (or an entity or affiliates designated by Executive) shall be granted 10% (calculated with the inclusion of Executive's stock holdings) of the fully diluted shares of common stock in the Company (the "Stock Grant") upon conversion of options, warrants and notes in association with a national markets qualified financing as consideration for entering into this Agreement. Such stock shall vest and be delivered to Executive within thirty (30) days following the national markets qualified financing.

(e) **Expenses:** Parent shall reimburse Executive for reasonable travel, lodging, entertainment and meal expenses incurred in connection the performance of services within this Agreement. Executive shall be entitled to fly Business Class on any flight longer than four (4) hours and receive full reimbursement for such flight from the Parent.

(f) **Travel:** Executive shall travel as necessary from time to time to satisfy his performance and responsibilities under this Agreement.

4. Effect of Termination of Employment

(a) **Voluntary Termination:** In the event of Executive's voluntary termination from employment with the Companies, other than for Good Reason pursuant to Sections 5(d) or 5(e), Executive shall be entitled to no compensation or benefits from the Companies other than those earned under Section 3 through the date of his termination and, in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination. In the event that Executive's employment terminates as a result of his death or disability, Executive shall be entitled to a pro-rata share of the performance-based bonus for which Executive is then-eligible pursuant to Section 3(c) (presuming performance meeting, but not exceeding, target performance goals) in addition to all compensation and benefits earned under Section 3 through the date of termination.

(b) **Termination for Cause:** If Executive's employment is terminated by the Companies for Cause, Executive shall be entitled to no compensation or benefits from the Companies other than those earned under Section 3 through the date of his termination and, in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination. In the event that the Companies terminate Executive's employment for Cause, the Companies shall provide written notice to Executive of that fact prior to, or concurrently with, the termination of employment. Failure to provide written notice that the Companies contend that the termination is for Cause shall constitute a waiver of any contention that the termination was for Cause, and the termination shall be irrebuttably presumed to be an Involuntary Termination.

(c) **Involuntary Termination During Change in Control Period:** If Executive's employment with the Companies terminates as a result of a Change in Control Period Involuntary Termination, then, in addition to any other benefits described in this Agreement, Executive shall receive the following:

(i) all compensation and benefits earned under Section 3 through the date of Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life, disability insurance coverage at a level equivalent to that provided by the Companies for a period expiring upon the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive at the time of Involuntary Termination, the amount payable to Executive under subsections (i) through (iii), above, shall be paid to Executive in a lump sum within thirty (30) days following Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(d) Termination Without Cause in the Absence of Change in Control In the event that Executive's employment terminates as a result of a Non Change in Control Period Involuntary Termination, then Executive shall receive the following benefits:

(i) all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Companies for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within thirty (30) days following Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(e) Resignation with Good Reason During Change in Control Period: If Executive resigns his employment with the Companies as a result of a Change in Control Period Good Reason, then, in addition to any other benefits described in this Agreement, Executive shall receive the following.

(i) all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Companies for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within thirty (30) days following the

Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(f) Resignation with Good Reason in the Absence of Change in Control If Executive resigns his employment with the Companies as a result of a Non Change in Control Period Good Reason, then, in addition to any other benefits described in this Agreement, Executive shall receive the following.

(i) all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Companies for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within thirty (30) days following the

Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(g) **Resignation from Positions:** In the event that Executive's employment with the Companies is terminated for any reason, on the effective date of the termination Executive shall simultaneously resign from each position he holds on the Board and/or the Board of Directors of any of the Companies' affiliated entities and any position Executive holds as an officer of the Companies or any of the Companies' affiliated entities.

5. **Certain Definitions:** For the purpose of this Agreement, the following capitalized terms shall have the meanings set forth below:

(a) "Cause" shall mean any of the following occurring on or after the date of this Agreement :

(i) Executive's theft, dishonesty, breach of fiduciary duty for personal profit, or falsification of any employment or Company record;

(ii) Executive's willful violation of any law, rule, or regulation (other than traffic violations, misdemeanors or similar offenses) or final cease-and-desist order, in each case that involves moral turpitude;

(iii) any material breach by Executive of either Company's Code of Professional Conduct, which breach shall be deemed "material" if it results from an intentional act by Executive and has a material detrimental effect on either Company's reputation or business; or

(iv) any material breach by Executive of this Agreement, which breach, if curable, is not cured within thirty (30) days following written notice of such breach from the applicable Company.

(b) "Change in Control" shall mean the occurrence of any of the following events:

(i) the Parent is party to a merger or consolidation which results in the holders of the voting securities of the Parent outstanding immediately prior thereto failing to retain immediately after such merger or consolidation direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the securities entitled to vote generally in the election of directors of the Parent or the surviving entity outstanding immediately after such merger or consolidation.

(ii) a change in the composition of the Board of Directors of the Parent occurring within a period of twenty-four (24) consecutive months, as a result of which fewer than a majority of the directors are Incumbent Directors;

(iii) effectiveness of an agreement for the sale, lease or disposition by the Parent of all or substantially all of the Parent's assets; or

(iv) a liquidation or dissolution of the Parent.

(c) "Change in Control Period" shall mean the period commencing on the date sixty (60) days prior to the date of consummation of the Change of Control and ending one hundred eighty (180) days following consummation of the Change of Control.

(d) "Change in Control Period Good Reason" shall mean Executive's resignation for any of the following conditions, first occurring during a Change in Control Period and occurring without Executive's written consent:

(i) a decrease in Executive's Base Salary, a decrease in Executive's Target Bonus (as a multiple of Executive's Base Salary) under the Performance Bonus Plan, or a decrease in employee benefits, in each case other than as part of any across-the-board reduction applying to all senior executives of either Company which does not have adverse effect on the Executive disproportionate to similarly situated executives of an acquirer;

(ii) a material, adverse change in Executive's title, authority, responsibilities, as measured against Executive's title, authority, responsibilities or duties immediately prior to such change.

(iii) a change in the Executive's ability to maintain his principal workplace in Beverly Hills, CA;

(iv) any material breach by either Company of any provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(v) any failure of the Parent to obtain the assumption of this Agreement by any of the Parent's successors or assigns by purchase, merger, consolidation, sale of assets or otherwise.

(vi) any purported termination of Executive's employment for "material breach of contract" which is purportedly effected without providing the "cure" period, if applicable, described in Section 5(iv), above.

The effective date of any resignation from employment by the Executive for Change in Control Period Good Reason shall be the date of notification to the Parent of such resignation from employment by the Executive.

(e) "Non Change in Control Period Good Reason" shall mean the Executive's resignation within six months of any of the following conditions first occurring outside of a Change in Control Period and occurring without Executive's written consent:

(i) a decrease in Executive's total cash compensation opportunity (adding Base Salary and Target Bonus) of greater than ten percent (10%);

(ii) a material, adverse change in Executive's title, authority, responsibilities or duties, as measured against Executive's title, authority, responsibilities or duties immediately prior to such change;

(iii) any material breach by either Company of a provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(iv) a change in the Executive's ability to maintain his principal workplace in Beverly Hills, CA;

(v) any purported termination of Executive's employment for "material breach of contract" which is purportedly effected without providing the "cure" period, if applicable, described in Section 5(iv), above.

The effective date of any resignation from employment by the Executive for Non Change in Control Period Good Reason shall be the date of notification to the Parent of such resignation from employment by the Executive.

(f) "Incumbent Directors" shall mean members of the Board who either (a) are members of the Board as of the date hereof, or (b) are elected, or nominated for election, to the Board with the affirmative vote of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of members of the Board).

(g) "Change in Control Period Involuntary Termination" shall mean during a Change in Control Period the termination by the Companies of Executive's employment with the Companies for any reason, including termination as a result of death or disability of Executive, but excluding termination for Cause. The effective date of any Change in Control Period Involuntary Termination shall be the date of notification to the Executive of the termination of employment by the Companies; or

(h) "Non Change in Control Period Involuntary Termination" shall mean outside a Change in Control Period the termination by the Companies of Executive's employment with the Companies for any reason, including termination by as a result of death or disability of Executive, but excluding termination for Cause. The effective date of any Non Change in Control Period Involuntary Termination shall be the date of notification to the Executive of the termination of employment by the Companies.

6. Dispute Resolution: In the event of any dispute or claim relating to or arising out of this Agreement (including, but not limited to, any claims of breach of contract, wrongful termination or age, sex, race or other discrimination), Executive and the Companies agree that all such disputes shall be fully addressed and finally resolved by binding arbitration conducted by the American Arbitration Association in New York City, in the State of New York in accordance with its National Employment Dispute Resolution rules. In connection with any such arbitration, the Parent shall bear all costs not otherwise borne by a plaintiff in a court proceeding. Each Company agrees that any decisions of the Arbitration Panel will be binding and enforceable in any state that either Company conducts the operation of its business.

7. Attorneys' Fees: The prevailing party shall be entitled to recover from the losing party its attorneys' fees and costs incurred in any action brought to enforce any right arising out of this Agreement.

8. Restrictive Covenants:

(a) **Nondisclosure.** During the term of this Agreement and following termination of the Executive's employment with the Companies, Executive shall not divulge, communicate, use to the detriment of the Companies or for the benefit of any other person or persons, or misuse in any way, any Confidential Information (as hereinafter defined) pertaining to the business of the Companies. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Companies (which shall include, but not be limited to, confidential information concerning each Company's financial condition, prospects, technology, customers, suppliers, methods of doing business and promotion of each Company's products and services) shall be deemed a valuable, special and unique asset of each Company that is received by the Executive in confidence and as a fiduciary. For purposes of this Agreement "Confidential Information" means information disclosed to the Executive or known by the Executive as a consequence of or through his employment by each Company (including information conceived, originated, discovered or developed by the Executive) prior to or after the date hereof and not generally known or in the public domain, about each Company or its business. Notwithstanding the foregoing, nothingnone of the following information shall be treated as Confidential Information: (i) information which is known to the public at the time of disclosure to Executive, (ii) information which becomes known to the public by publication or otherwise after disclosure to Executive, (iii) information which Executive can show by written records was in his possession at the time of disclosure to Executive, (iv) information which was rightfully received by Executive from a third party without violating any non-disclosure obligation owed to or in favor of the Companies, or (v) information which was developed by or on behalf of Executive independently of any disclosure hereunder as shown by written records. Nothing herein shall be deemed to restrict the Executive from disclosing Confidential Information to the extent required by law or by any court.

(b) **Non-Competition.** The Executive shall not, while employed by either Company and for a period of one year following the date of termination for Cause, or resignation other than for Good Reason pursuant to Sections 5(d) or 5(e), engage or participate, directly or indirectly (whether as an officer, director, employee, partner, consultant, or otherwise), in any business that manufactures, markets or sells products that directly compete with any product of either Company that is significant to such Company's business based on sales and/or profitability of any such product as of the date of termination of Executive's employment with such Company. Nothing herein shall prohibit Executive from being a passive owner of less than 5% stock of any entity directly engaged in a competing business.

(c) **Property Rights; Assignment of Inventions.** With respect to information, inventions and discoveries or any interest in any copyright and/or other property right developed, made or conceived of by Executive, either alone or with others, during his employment by each Company arising out of such employment and pertinent to any field of business or research in which, during such employment, each Company is engaged or (if such is known to or ascertainable by Executive) is considering engaging, Executive hereby agrees:

(i) that all such information, inventions and discoveries or any interest in any copyright and/or other property right, whether or not patented or patentable, shall be and remain the exclusive property of the Companies;

(ii) to disclose promptly to an authorized representative of the Parent all such information, inventions and discoveries or any copyright and/or other property right and all information in Executive's possession as to possible applications and uses thereof;

(iii) not to file any patent application relating to any such invention or discovery except with the prior written consent of an authorized officer of the Parent (other than Executive);

(iv) that Executive hereby waives and releases any and all rights Executive may have in and to such information, inventions and discoveries, and hereby assigns to Executive and/or its nominees all of Executive's right, title and interest in them, and all Executive's right, title and interest in any patent, patent application, copyright or other property right based thereon. Executive hereby irrevocably designates and appoints the Parent and each of its duly authorized officers and agents as his agent and attorney-in-fact to act for his and on his behalf and in his stead to execute and file any document and to do all other lawfully permitted acts to further the prosecution, issuance and enforcement of any such patent, patent application, copyright or other property right with the same force and effect as if executed and delivered by Executive; and

(v) at the request of the Parent, and without expense to Executive, to execute such documents and perform such other acts as the Parent deems necessary or appropriate, for the Companies to obtain patents on such inventions in a jurisdiction or jurisdictions designated by the Parent, and to assign to the Companies or their respective designees such inventions and any and all patent applications and patents relating thereto.

9. General:

(a) **Successors and Assigns:** The provisions of this Agreement shall inure to the benefit of and be binding upon the Companies, Executive and each and all of their respective heirs, legal representatives, successors and assigns. The duties, responsibilities and obligations of Executive under this Agreement shall be personal and not assignable or delegable by Executive in any manner whatsoever to any person, corporation, partnership, firm, company, joint venture or other entity. Executive may not assign, transfer, convey, mortgage, pledge or in any other manner encumber the compensation or other benefits to be received by his or any rights which he may have pursuant to the terms and provisions of this Agreement.

(b) **Amendments; Waivers:** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Parent (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Notices:** Any notices to be given pursuant to this Agreement by either party may be effected by personal delivery or by overnight delivery with receipt requested. Mailed notices shall be addressed to the parties at the addresses stated below, but each party may change its or his/her address by written notice to the other in accordance with this subsection (c). Mailed notices to Executive shall be addressed as follows:

Anthony J. Cataldo

E-mail: ajc@gtbiopharma.com

Mailed notices to the Companies shall be addressed as follows:

GT Biopharma, Inc.
9350 Wilshire Blvd., Suite 203
Beverly Hills, CA 90212

(d) **Entire Agreement:** This Agreement constitutes the entire employment agreement among Executive and the Companies regarding the terms and conditions of his employment, with the exception of (a) the agreement described in Section 7 and (b) any stock option, restricted stock or other Company stock-based award agreements among Executive and the Companies to the extent not modified by this Agreement. This Agreement (including the other documents referenced in the previous sentence) supersedes all prior negotiations, representations or agreements among Executive and the Companies, whether written or oral, concerning Executive's employment by the Companies.

(e) **Withholding Taxes:** All payments made under this Agreement shall be subject to reduction to reflect taxes required to be withheld by law.

(f) **Counterparts:** This Agreement may be executed by the Companies and Executive in counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

(g) **Headings:** Each and all of the headings contained in this Agreement are for reference purposes only and shall not in any manner whatsoever affect the construction or interpretation of this Agreement or be deemed a part of this Agreement for any purpose whatsoever.

(h) **Savings Provision:** To the extent that any provision of this Agreement or any paragraph, term, provision, sentence, phrase, clause or word of this Agreement shall be found to be illegal or unenforceable for any reason, such paragraph, term, provision, sentence, phrase, clause or word shall be modified or deleted in such a manner as to make this Agreement, as so modified, legal and enforceable under applicable laws. The remainder of this Agreement shall continue in full force and effect.

(i) **Construction:** The language of this Agreement and of each and every paragraph, term and provision of this Agreement shall, in all cases, for any and all purposes, and in any and all circumstances whatsoever be construed as a whole, according to its fair meaning, not strictly for or against Executive or the Companies, and with no regard whatsoever to the identity or status of any person or persons who drafted all or any portion of this Agreement.

(j) **Further Assurances:** From time to time, at the Companies' request and without further consideration, Executive shall execute and deliver such additional documents and take all such further action as reasonably requested by the Companies to be necessary or desirable to make effective, in the most expeditious manner possible, the terms of this Agreement and to provide adequate assurance of Executive's due performance hereunder.

(k) **Governing Law:** Executive and the Companies agree that this Agreement shall be interpreted in accordance with and governed by the laws of the State of Delaware.

(l) **Board Approval:** Each Company warrants to Executive that the Board of Directors of such Company has ratified and approved this Agreement, and that the Parent will cause the appropriate disclosure filing to be made with the Securities and Exchange Commission in a timely manner.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year written below.

EXECUTIVE:

Date: August 11, 2020

/s/Anthony J. Cataldo
Anthony J. Cataldo

GT BIOPHARMA, INC.

Date: August 11, 2020

/s/ Steve Weldon
Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into by and among GT Biopharma, Inc. and Steven Weldon ("Executive") as of August 11, 2020 (the "Effective Date").

WHEREAS, each Company is desirous of employing Executive, and Executive wishes to be employed by each Company in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, IT IS MUTUALLY AGREED AS FOLLOWS:

1. **Position and Duties:** Executive shall be employed by the Company as its Chief Financial Officer ("CFO") reporting to the Company's Board of Directors. CFO agrees to devote the necessary business time, energy and skill to his duties at each Company, and will be permitted engage in outside consulting and/or employment provided said services do not materially interfere with Executive's obligations to each Company under the terms of this Agreement. These duties of Executive under this Agreement shall include all those duties customarily performed by a CFO as well as providing advice and consultation on general corporate matters and other projects as may be assigned by the Company's Board of Directors on an as needed basis. During the term of Executive's employment, Executive shall be permitted to serve on boards of directors of for-profit or not-for-profit entities provided such service does not adversely affect the performance of Executive's duties to the Company under this Agreement, and are not in conflict with the interests of the Company.

2. **Term of Employment:** This Agreement shall remain in effect for a period of three years from the Effective Date, and thereafter will automatically renew for successive one year periods unless either party provides ninety days' prior written notice of termination. In the event either Company elects to terminate the Agreement, such termination shall be considered to be an Involuntary Termination, and Executive shall be provided benefits as provided in this Agreement. Upon the termination of Executive's employment for any reason, neither Executive nor the Companies shall have any further obligation or liability under this Agreement to the other, except as set forth below.

3. **Compensation:** Executive shall be compensated by the Parent for his services to the Companies as follows:

(a) **Base Salary:** Executive shall be paid a monthly Base Salary of \$300,000.00 per year. The monthly cash payment will be subject to applicable withholding, in accordance with the Parent's normal payroll procedures. Executive's salary shall be reviewed on at least an annual basis and may be adjusted as appropriate, but in no event shall it be reduced to an amount below Executive's salary then in effect. In the event of such an adjustment, that amount shall become Executive's Base Salary. Furthermore, during the term of this Agreement, in no event shall Executive's compensation be less than any other officer or employee of either Company or any subsidiary.

(b) **Benefits:** Executive shall have the right, on the same basis as other senior executives of either Company, to participate in and to receive benefits under any of either Company's employee benefit plans, medical insurance, as such plans may be modified from time to time, and provided that in no event shall Executive receive less than (4) four weeks paid vacation per annum, (6) six paid sick days per annum, and (5) five paid personal days per annum.

(c) **Performance Bonus:** Executive shall have the opportunity to earn a performance bonus in accordance with the Parent's Performance Bonus Plan if in effect ("Target Bonus"); if the Parent does not have a Bonus Plan in effect at any given time during the term of this Agreement, then the Parent's Compensation Committee or Board of Directors shall have discretion as to determining bonus compensation for Executive.

(d) **General Grant:** Executive (or an entity or affiliates designated by Executive) shall be granted 7% (calculated with the inclusion of Executive's stock holdings) of the fully diluted shares of common stock in the Company (the "Stock Grant") upon conversion of options, warrants and notes in association with a national markets qualified financing as consideration for entering into this Agreement. Such stock shall vest and be delivered to Executive within thirty (30) days following the national markets qualified financing.

(e) **Expenses:** Parent shall reimburse Executive for reasonable travel, lodging, entertainment and meal expenses incurred in connection the performance of services within this Agreement. Executive shall be entitled to fly Business Class on any flight longer than four (4) hours and receive full reimbursement for such flight from the Parent.

(f) **Travel:** Executive shall travel as necessary from time to time to satisfy his performance and responsibilities under this Agreement.

4. Effect of Termination of Employment

(a) **Voluntary Termination:** In the event of Executive's voluntary termination from employment with the Companies, other than for Good Reason pursuant to Sections 5(d) or 5(e), Executive shall be entitled to no compensation or benefits from the Companies other than those earned under Section 3 through the date of his termination and, in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination. In the event that Executive's employment terminates as a result of his death or disability, Executive shall be entitled to a pro-rata share of the performance-based bonus for which Executive is then-eligible pursuant to Section 3(e) (presuming performance meeting, but not exceeding, target performance goals) in addition to all compensation and benefits earned under Section 3 through the date of termination.

(b) **Termination for Cause:** If Executive's employment is terminated by the Companies for Cause, Executive shall be entitled to no compensation or benefits from the Companies other than those earned under Section 3 through the date of his termination and, in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination. In the event that the Companies terminate Executive's employment for Cause, the Companies shall provide written notice to Executive of that fact prior to, or concurrently with, the termination of employment. Failure to provide written notice that the Companies contend that the termination is for Cause shall constitute a waiver of any contention that the termination was for Cause, and the termination shall be irrebuttably presumed to be an Involuntary Termination.

(c) **Involuntary Termination During Change in Control Period:** If Executive's employment with the Companies terminates as a result of a Change in Control Period Involuntary Termination, then, in addition to any other benefits described in this Agreement, Executive shall receive the following:

(i) all compensation and benefits earned under Section 3 through the date of Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life, disability insurance coverage at a level equivalent to that provided by the Companies for a period expiring upon the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive at the time of Involuntary Termination, the amount payable to Executive under subsections (i) through (iii), above, shall be paid to Executive in a lump sum within thirty (30) days following Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(d) Termination Without Cause in the Absence of Change in Control In the event that Executive's employment terminates as a result of a Non Change in Control Period Involuntary Termination, then Executive shall receive the following benefits:

(i) all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Companies for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within thirty (30) days following Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(e) Resignation with Good Reason During Change in Control Period: If Executive resigns his employment with the Companies as a result of a Change in Control Period Good Reason, then, in addition to any other benefits described in this Agreement, Executive shall receive the following.

(i) all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Companies for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within thirty (30) days following the

Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(f) Resignation with Good Reason in the Absence of Change in Control If Executive resigns his employment with the Companies as a result of a Non Change in Control Period Good Reason, then, in addition to any other benefits described in this Agreement, Executive shall receive the following.

(i) all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

(ii) a lump sum payment equivalent to the greater of (a) the bonus paid or payable to Executive for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

(iii) a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or one-half of Executive's Base Salary then in effect, whichever is the greater; and

(iv) reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Companies for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Parent that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within thirty (30) days following the Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

(g) **Resignation from Positions:** In the event that Executive's employment with the Companies is terminated for any reason, on the effective date of the termination Executive shall simultaneously resign from each position he holds on the Board and/or the Board of Directors of any of the Companies' affiliated entities and any position Executive holds as an officer of the Companies or any of the Companies' affiliated entities.

5. **Certain Definitions:** For the purpose of this Agreement, the following capitalized terms shall have the meanings set forth below:

(a) "Cause" shall mean any of the following occurring on or after the date of this Agreement :

(i) Executive's theft, dishonesty, breach of fiduciary duty for personal profit, or falsification of any employment or Company record;

(ii) Executive's willful violation of any law, rule, or regulation (other than traffic violations, misdemeanors or similar offenses) or final cease-and-desist order, in each case that involves moral turpitude;

(iii) any material breach by Executive of either Company's Code of Professional Conduct, which breach shall be deemed "material" if it results from an intentional act by Executive and has a material detrimental effect on either Company's reputation or business; or

(iv) any material breach by Executive of this Agreement, which breach, if curable, is not cured within thirty (30) days following written notice of such breach from the applicable Company.

(b) "Change in Control" shall mean the occurrence of any of the following events:

(i) the Parent is party to a merger or consolidation which results in the holders of the voting securities of the Parent outstanding immediately prior thereto failing to retain immediately after such merger or consolidation direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the securities entitled to vote generally in the election of directors of the Parent or the surviving entity outstanding immediately after such merger or consolidation.

(ii) a change in the composition of the Board of Directors of the Parent occurring within a period of twenty-four (24) consecutive months, as a result of which fewer than a majority of the directors are Incumbent Directors;

(iii) effectiveness of an agreement for the sale, lease or disposition by the Parent of all or substantially all of the Parent's assets; or

(iv) a liquidation or dissolution of the Parent.

(c) "Change in Control Period" shall mean the period commencing on the date sixty (60) days prior to the date of consummation of the Change of Control and ending one hundred eighty (180) days following consummation of the Change of Control.

(d) "Change in Control Period Good Reason" shall mean Executive's resignation for any of the following conditions, first occurring during a Change in Control Period and occurring without Executive's written consent:

(i) a decrease in Executive's Base Salary, a decrease in Executive's Target Bonus (as a multiple of Executive's Base Salary) under the Performance Bonus Plan, or a decrease in employee benefits, in each case other than as part of any across-the-board reduction applying to all senior executives of either Company which does not have adverse effect on the Executive disproportionate to similarly situated executives of an acquirer;

(ii) a material, adverse change in Executive's title, authority, responsibilities, as measured against Executive's title, authority, responsibilities or duties immediately prior to such change.

(iii) a change in the Executive's ability to maintain his principal workplace in Tampa, FL;

(iv) any material breach by either Company of any provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(v) any failure of the Parent to obtain the assumption of this Agreement by any of the Parent's successors or assigns by purchase, merger, consolidation, sale of assets or otherwise.

(vi) any purported termination of Executive's employment for "material breach of contract" which is purportedly effected without providing the "cure" period, if applicable, described in Section 5(iv), above.

The effective date of any resignation from employment by the Executive for Change in Control Period Good Reason shall be the date of notification to the Parent of such resignation from employment by the Executive.

(e) "Non Change in Control Period Good Reason" shall mean the Executive's resignation within six months of any of the following conditions first occurring outside of a Change in Control Period and occurring without Executive's written consent:

(i) a decrease in Executive's total cash compensation opportunity (adding Base Salary and Target Bonus) of greater than ten percent (10%);

(ii) a material, adverse change in Executive's title, authority, responsibilities or duties, as measured against Executive's title, authority, responsibilities or duties immediately prior to such change;

(iii) any material breach by either Company of a provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(iv) a change in the Executive's ability to maintain his principal workplace in Tampa, FL;

(v) any purported termination of Executive's employment for "material breach of contract" which is purportedly effected without providing the "cure" period, if applicable, described in Section 5(iv), above.

The effective date of any resignation from employment by the Executive for Non Change in Control Period Good Reason shall be the date of notification to the Parent of such resignation from employment by the Executive.

(f) "Incumbent Directors" shall mean members of the Board who either (a) are members of the Board as of the date hereof, or (b) are elected, or nominated for election, to the Board with the affirmative vote of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of members of the Board).

(g) "Change in Control Period Involuntary Termination" shall mean during a Change in Control Period the termination by the Companies of Executive's employment with the Companies for any reason, including termination as a result of death or disability of Executive, but excluding termination for Cause. The effective date of any Change in Control Period Involuntary Termination shall be the date of notification to the Executive of the termination of employment by the Companies; or

(h) "Non Change in Control Period Involuntary Termination" shall mean outside a Change in Control Period the termination by the Companies of Executive's employment with the Companies for any reason, including termination by as a result of death or disability of Executive, but excluding termination for Cause. The effective date of any Non Change in Control Period Involuntary Termination shall be the date of notification to the Executive of the termination of employment by the Companies.

6. Dispute Resolution: In the event of any dispute or claim relating to or arising out of this Agreement (including, but not limited to, any claims of breach of contract, wrongful termination or age, sex, race or other discrimination), Executive and the Companies agree that all such disputes shall be fully addressed and finally resolved by binding arbitration conducted by the American Arbitration Association in New York City, in the State of New York in accordance with its National Employment Dispute Resolution rules. In connection with any such arbitration, the Parent shall bear all costs not otherwise borne by a plaintiff in a court proceeding. Each Company agrees that any decisions of the Arbitration Panel will be binding and enforceable in any state that either Company conducts the operation of its business.

7. Attorneys' Fees: The prevailing party shall be entitled to recover from the losing party its attorneys' fees and costs incurred in any action brought to enforce any right arising out of this Agreement.

8. Restrictive Covenants:

(a) **Nondisclosure.** During the term of this Agreement and following termination of the Executive's employment with the Companies, Executive shall not divulge, communicate, use to the detriment of the Companies or for the benefit of any other person or persons, or misuse in any way, any Confidential Information (as hereinafter defined) pertaining to the business of the Companies. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Companies (which shall include, but not be limited to, confidential information concerning each Company's financial condition, prospects, technology, customers, suppliers, methods of doing business and promotion of each Company's products and services) shall be deemed a valuable, special and unique asset of each Company that is received by the Executive in confidence and as a fiduciary. For purposes of this Agreement "Confidential Information" means information disclosed to the Executive or known by the Executive as a consequence of or through his employment by each Company (including information conceived, originated, discovered or developed by the Executive) prior to or after the date hereof and not generally known or in the public domain, about each Company or its business. Notwithstanding the foregoing, nothing of the following information shall be treated as Confidential Information: (i) information which is known to the public at the time of disclosure to Executive, (ii) information which becomes known to the public by publication or otherwise after disclosure to Executive, (iii) information which Executive can show by written records was in his possession at the time of disclosure to Executive, (iv) information which was rightfully received by Executive from a third party without violating any non-disclosure obligation owed to or in favor of the Companies, or (v) information which was developed by or on behalf of Executive independently of any disclosure hereunder as shown by written records. Nothing herein shall be deemed to restrict the Executive from disclosing Confidential Information to the extent required by law or by any court.

(b) **Non-Competition.** The Executive shall not, while employed by either Company and for a period of one year following the date of termination for Cause, or resignation other than for Good Reason pursuant to Sections 5(d) or 5(e), engage or participate, directly or indirectly (whether as an officer, director, employee, partner, consultant, or otherwise), in any business that manufactures, markets or sells products that directly compete with any product of either Company that is significant to such Company's business based on sales and/or profitability of any such product as of the date of termination of Executive's employment with such Company. Nothing herein shall prohibit Executive from being a passive owner of less than 5% stock of any entity directly engaged in a competing business.

(c) **Property Rights; Assignment of Inventions.** With respect to information, inventions and discoveries or any interest in any copyright and/or other property right developed, made or conceived of by Executive, either alone or with others, during his employment by each Company arising out of such employment and pertinent to any field of business or research in which, during such employment, each Company is engaged or (if such is known to or ascertainable by Executive) is considering engaging, Executive hereby agrees:

(i) that all such information, inventions and discoveries or any interest in any copyright and/or other property right, whether or not patented or patentable, shall be and remain the exclusive property of the Companies;

(ii) to disclose promptly to an authorized representative of the Parent all such information, inventions and discoveries or any copyright and/or other property right and all information in Executive's possession as to possible applications and uses thereof;

(iii) not to file any patent application relating to any such invention or discovery except with the prior written consent of an authorized officer of the Parent (other than Executive);

(iv) that Executive hereby waives and releases any and all rights Executive may have in and to such information, inventions and discoveries, and hereby assigns to Executive and/or its nominees all of Executive's right, title and interest in them, and all Executive's right, title and interest in any patent, patent application, copyright or other property right based thereon. Executive hereby irrevocably designates and appoints the Parent and each of its duly authorized officers and agents as his agent and attorney-in-fact to act for his and on his behalf and in his stead to execute and file any document and to do all other lawfully permitted acts to further the prosecution, issuance and enforcement of any such patent, patent application, copyright or other property right with the same force and effect as if executed and delivered by Executive; and

(v) at the request of the Parent, and without expense to Executive, to execute such documents and perform such other acts as the Parent deems necessary or appropriate, for the Companies to obtain patents on such inventions in a jurisdiction or jurisdictions designated by the Parent, and to assign to the Companies or their respective designees such inventions and any and all patent applications and patents relating thereto.

9. General:

(a) **Successors and Assigns:** The provisions of this Agreement shall inure to the benefit of and be binding upon the Companies, Executive and each and all of their respective heirs, legal representatives, successors and assigns. The duties, responsibilities and obligations of Executive under this Agreement shall be personal and not assignable or delegable by Executive in any manner whatsoever to any person, corporation, partnership, firm, company, joint venture or other entity. Executive may not assign, transfer, convey, mortgage, pledge or in any other manner encumber the compensation or other benefits to be received by his or any rights which he may have pursuant to the terms and provisions of this Agreement.

(b) **Amendments; Waivers:** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Parent (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Notices:** Any notices to be given pursuant to this Agreement by either party may be effected by personal delivery or by overnight delivery with receipt requested. Mailed notices shall be addressed to the parties at the addresses stated below, but each party may change its or his/her address by written notice to the other in accordance with this subsection (c). Mailed notices to Executive shall be addressed as follows:

Steve Weldon

E-mail: sww@gtbiopharma.com

Mailed notices to the Companies shall be addressed as follows:

GT Biopharma, Inc.
9350 Wilshire Blvd., Suite 203
Beverly Hills, CA 90212

(d) **Entire Agreement:** This Agreement constitutes the entire employment agreement among Executive and the Companies regarding the terms and conditions of his employment, with the exception of (a) the agreement described in Section 7 and (b) any stock option, restricted stock or other Company stock-based award agreements among Executive and the Companies to the extent not modified by this Agreement. This Agreement (including the other documents referenced in the previous sentence) supersedes all prior negotiations, representations or agreements among Executive and the Companies, whether written or oral, concerning Executive's employment by the Companies.

(e) **Withholding Taxes:** All payments made under this Agreement shall be subject to reduction to reflect taxes required to be withheld by law.

(f) **Counterparts:** This Agreement may be executed by the Companies and Executive in counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

(g) **Headings:** Each and all of the headings contained in this Agreement are for reference purposes only and shall not in any manner whatsoever affect the construction or interpretation of this Agreement or be deemed a part of this Agreement for any purpose whatsoever.

(h) **Savings Provision:** To the extent that any provision of this Agreement or any paragraph, term, provision, sentence, phrase, clause or word of this Agreement shall be found to be illegal or unenforceable for any reason, such paragraph, term, provision, sentence, phrase, clause or word shall be modified or deleted in such a manner as to make this Agreement, as so modified, legal and enforceable under applicable laws. The remainder of this Agreement shall continue in full force and effect.

(i) **Construction:** The language of this Agreement and of each and every paragraph, term and provision of this Agreement shall, in all cases, for any and all purposes, and in any and all circumstances whatsoever be construed as a whole, according to its fair meaning, not strictly for or against Executive or the Companies, and with no regard whatsoever to the identity or status of any person or persons who drafted all or any portion of this Agreement.

(j) **Further Assurances:** From time to time, at the Companies' request and without further consideration, Executive shall execute and deliver such additional documents and take all such further action as reasonably requested by the Companies to be necessary or desirable to make effective, in the most expeditious manner possible, the terms of this Agreement and to provide adequate assurance of Executive's due performance hereunder.

(k) **Governing Law:** Executive and the Companies agree that this Agreement shall be interpreted in accordance with and governed by the laws of the State of Delaware.

(l) **Board Approval:** Each Company warrants to Executive that the Board of Directors of such Company has ratified and approved this Agreement, and that the Parent will cause the appropriate disclosure filing to be made with the Securities and Exchange Commission in a timely manner.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year written below.

EXECUTIVE:

Date: August 11, 2020

/s/ Steve Weldon
Steve Weldon

GT BIOPHARMA, INC.

Date: August 11, 2020

/s/ Anthony Cataldo
Anthony Cataldo
Chairman & CEO

CERTIFICATIONS

I, Anthony Cataldo, certify that:

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

Date: August 14, 2020

/s/ Anthony Cataldo

Anthony Cataldo
Chief Executive Officer, Chairman, and Director

CERTIFICATIONS

I, Steven Weldon, certify that:

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

Date: August 14, 2020

/s/ Steven Weldon

Steven Weldon
CFO, Chief Accounting Officer, and Director

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

In connection with the Quarterly Report on Form 10-Q of GT Biopharma, Inc. (the "*Company*"), for the quarterly period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Anthony Cataldo, Chief Executive Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify, to my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 780(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2020

/s/ Anthony Cataldo

Anthony Cataldo
Chief Executive Officer, Chairman, and Director

A signed original of this written statement required by Section 906 has been provided to GT Biopharma, Inc. and will be retained by GT Biopharma, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report on Form 10-Q of GT Biopharma, Inc. (the "*Company*"), for the quarterly period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Steven Weldon, Chief Financial Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify, to my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934(15 U.S.C. 78m(a) or 780(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2020

/s/ Steven Weldon

Steven Weldon
CFO, Chief Accounting Officer, and Director

A signed original of this written statement required by Section 906 has been provided to GT Biopharma, Inc. and will be retained by GT Biopharma, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
