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

FORM 10-Q

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from to

Commission file number 001-39990

ANGION BIOMEDICA CORP

(Exact name of registrant as specified in its charter)

Delaware	**11-3430072**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7-57 Wells Avenue Newton, Massachusetts	**02459**
(Address of Principal Executive Offices)	**(Zip Code)**

(415) 655-4899

Registrant's telephone number, including area code

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.01	ANGN	The Nasdaq Global Select Market

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

The number of shares of the issuer’s common stock outstanding as of May 5, 2023 was 30,113,703.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Any statements contained in this Quarterly Report on Form 10-Q that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the announced reverse merger transaction with Elicio Therapeutics, Inc.;
- the potential benefits, activity, effectiveness and safety of our product candidates;
- the scope, progress, expansion, and costs of developing and commercializing our product candidates;
- our dependence on existing and future collaborators for commercializing product candidates in the collaboration;
- our receipt and timing of any milestone payments or royalties under any existing or future research collaboration and license agreements or arrangements;
- the potential effects of the COVID-19 pandemic on our business and operations, results of operations and financial performance;
- the potential adverse effects of any regional armed conflicts on our business and operations, results of operations and financial performance;
- the size and growth of the potential markets for our product candidates and the ability to serve those markets;
- our expectations regarding our expenses, the sufficiency of our cash resources, and needs for additional financing;
- regulatory developments in the United States and other countries;
- the rate and degree of market acceptance of any future products;
- the implementation of our business model and strategic plans for our business and product candidates, including additional indications which we may pursue;
- our expectations regarding competition;
- our anticipated business strategies;
- the performance of third-party manufacturers;
- our ability to establish and maintain development partnerships;
- our expectations regarding federal, state, and foreign regulatory requirements;
- our ability to obtain and maintain intellectual property protection for our product candidates;
- the successful development for our sales and marketing capabilities;
- the hiring, retention, or separation of key scientific or management personnel; and
- the anticipated trends and challenges in our business and the market in which we operate.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into or review of, all relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely on these statements.

This Quarterly Report on Form 10-Q also contains estimates, projections and other information concerning our industry, our business and the markets for certain drugs, including data regarding the estimated size of those markets, their projected growth rates and the incidence of certain medical conditions. Information that is based on estimates, forecasts, projections or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by third parties, industry, medical and general publications, government data and similar sources. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

Trademarks

This Quarterly Report on Form 10-Q includes trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included in this Quarterly Report on Form 10-Q are the property of their respective owners.

Part I FINANCIAL INFORMATION

Item 1. Financial Statements

ANGION BIOMEDICA CORP.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 29,219	$ 50,487
Prepaid expenses and other current assets	1,730	943
Notes receivable	9,678	—
Total current assets	40,627	51,430
Property and equipment, net	—	273
Operating lease right-of-use assets	126	152
Investments in related parties	150	874
Other assets	864	61
Total assets	**$ 41,767**	**$ 52,790**
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 692	$ 2,720
Accrued expenses	1,103	2,569
Operating lease liabilities, current	227	994
Financing obligation, current	—	67
Warrant liability	9	19
Total current liabilities	2,031	6,369
Operating lease liabilities, noncurrent	70	2,481
Financing obligation, noncurrent	—	168
Total liabilities	2,101	9,018
Commitments and contingencies - Note 10		
Stockholders' equity		
Common stock, $0.01 par value per share; 300,000,000 shares authorized; 30,114,190 and 30,113,946 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	301	301
Additional paid-in capital	297,679	297,327
Accumulated other comprehensive income	165	86
Accumulated deficit	(258,479)	(253,942)
Total stockholders' equity	39,666	43,772
Total liabilities and stockholders' equity	**$ 41,767**	**$ 52,790**

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

ANGION BIOMEDICA CORP.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Revenue:		
Contract revenue	$ —	$ 1,648
Total revenue	—	1,648
Operating expenses:		
Research and development	326	11,667
General and administrative	4,281	4,466
Total operating expenses	4,607	16,133
Loss from operations	**(4,607)**	**(14,485)**
Other income (expense)		
Change in fair value of warrant liability	10	39
Change in fair value of notes receivable	(322)	—
Foreign exchange transaction gain (loss)	(87)	111
Earnings from equity method investment	—	9
Interest income, net	469	86
Total other income	70	245
Net loss	**(4,537)**	**(14,240)**
Other comprehensive income:		
Foreign currency translation adjustment	79	(96)
Comprehensive loss	**$ (4,458)**	**$ (14,336)**
Net loss per common share, basic and diluted	$ (0.15)	$ (0.48)
Weighted average common shares outstanding, basic and diluted	30,114,113	29,959,251

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

ANGION BIOMEDICA CORP.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2022	30,113,946	$ 301	$ 297,327	$ 86	$ (253,942)	$ 43,772
Issuance of common stock upon net settlement of restricted stock units and performance stock units	244	—	—	—	—	—
Stock-based compensation	—	—	352	—	—	352
Foreign currency translation adjustment	—	—	—	79	—	79
Net loss	—	—	—	—	(4,537)	(4,537)
Balance as of March 31, 2023	30,114,190	$ 301	$ 297,679	$ 165	$ (258,479)	$ 39,666

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	29,959,060	$ 300	—	$ —	$ 296,445	$ (103)	$ (215,135)	$ 81,507
Issuance of common stock upon net settlement of restricted stock units and performance stock units	365	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	31		—	31
Foreign currency translation adjustment	—	—	—	—	—	(96)	—	(96)
Net loss	—	—	—	—	—	—	(14,240)	(14,240)
Balance as of March 31, 2022	29,959,425	$ 300	—	$ —	$ 296,476	$ (199)	$ (229,375)	$ 67,202

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

ANGION BIOMEDICA CORP.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (4,537)	$ (14,240)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	22	32
Amortization of right-of-use assets	26	196
Stock-based compensation	352	31
Change in fair value of notes receivable	322	—
Change in fair value of warrant liability	(10)	(39)
Loss on disposal of property and equipment, net	251	—
Earnings from equity investment	—	(9)
Loss on termination of lease obligation	52	—
Loss on termination of financing obligation	23	—
Changes in operating assets and liabilities:		
Grants receivable	—	806
Prepaid expenses and other current assets	(766)	(1,515)
Other assets	(851)	28
Accounts payable	(1,834)	(1,323)
Accrued expenses	(1,074)	2,023
Lease liabilities	(55)	(215)
Deferred revenue	—	(1,648)
Other liabilities, noncurrent	—	220
Net cash used in operating activities	(8,079)	(15,653)
Cash flows from investing activities:		
Issuance of notes receivable	(10,000)	—
Net cash used in investing activities	(10,000)	—
Cash flows from financing activities:		
Payment of financing obligation	(15)	(14)
Payment to terminate lease obligation	(3,025)	—
Payment to terminate financing obligation	(228)	—
Net cash used in financing activities	(3,268)	(14)
Effect of foreign currency on cash	79	(87)
Net decrease in cash and cash equivalents	(21,268)	(15,754)
Cash and cash equivalents at the beginning of the period	50,487	88,756
Cash and cash equivalents at the end of the period	**$ 29,219**	**$ 73,002**

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

ANGION BIOMEDICA CORP.
Notes to Unaudited Interim Condensed Consolidated Financial Statements

Note 1—Description of the Business and Financial Condition

Angion Biomedica Corp. (“Angion” or the “Company”) had been a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel small molecule therapeutics to address chronic and progressive fibrotic diseases, prior to its 2022 Strategic Realignment announced in July 2022 whereby the Company announced its process to explore strategic options for enhancing and preserving shareholder value (“2022 Strategic Realignment”)(See Note 11). The Company was incorporated in Delaware in 1998.

On January 17, 2023, the Company entered into a definitive merger agreement (the “Merger Agreement”) with Elicio Therapeutics, Inc. (“Elicio”) under which Elicio will merge with a wholly-owned subsidiary of Angion in an all-stock transaction (the “Merger”). Upon completion of the Merger, the combined company will focus on advancing Elicio’s proprietary lymph node AMP technology to develop immunotherapies, with a focus on ELI-002, a therapeutic cancer vaccine targeting mKRAS-driven tumors.

Angion has suspended clinical development activities in anticipation of completion of the announced Merger, and does not have any products approved for sale.

Liquidity and Capital Resources

Since inception, the Company has devoted substantially all of its efforts and financial resources to conducting research and development activities, including drug discovery and pre-clinical studies and clinical trials, establishing and maintaining its intellectual property portfolio, organizing and staffing the Company, business planning, raising capital and providing general and administrative support for these operations. The Company has incurred losses from operations and negative cash flows from operating activities since inception. As of March 31, 2023, the Company had $29.2 million in cash and cash equivalents and an accumulated deficit of $258.5 million.

The Company has evaluated and concluded there are no conditions or events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern for a period of one year following the date these condensed consolidated financial statements are issued and believes its existing cash and cash equivalents will be sufficient to meet the projected operating requirements for at least 12 months following the issuance date of its condensed consolidated financial statements.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The Company's condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company, its wholly owned subsidiary, Angion Biomedica Europe Limited, which was dissolved on March 16, 2021, and its wholly owned subsidiary, Angion Pty Ltd., which was established on August 22, 2019. The Company established Angion Pty Ltd., an Australian subsidiary, for the purpose of qualifying for research credits for studies conducted in Australia. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company’s significant accounting policies are described in Note 2 to its consolidated financial statements for the year ended December 31, 2022, included in its Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 17, 2023 (the “Annual Report on Form 10-K”). There have been no material changes to the Company’s significant accounting policies during the three months ended March 31, 2023.

Unaudited Interim Financial Information

The condensed consolidated financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the SEC. The interim unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements as of and for the year ended December 31, 2022 and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company’s consolidated financial position, results of operations and comprehensive loss, and cash flows. The condensed consolidated balance sheet

as of December 31, 2022 was derived from the audited financial statements as of that date. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from this Quarterly Report, as is permitted by such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K. The results for any interim period are not necessarily indicative of results for any future period.

Segments

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business as one operating segment.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, management evaluates its estimates, including those related to the useful lives of long-lived assets, the measurement of stock-based compensation, accruals for research and development activities, the valuation of its notes receivable, income taxes and revenue recognition. The Company bases its estimates on historical experience and on other relevant assumptions that are reasonable under the circumstances. Actual results could materially differ from those estimates.

Concentrations of Credit Risk and Off-Balance Sheet Risk

Cash and cash equivalents are financial instruments that are potentially subject to concentrations of credit risk. The Company maintains its cash equivalents in securities and money market funds with original maturities less than three months. On March 10, 2023, Silicon Valley Bank (SVB), at which the Company maintained substantially all of its cash and cash equivalents in multiple accounts and in amounts exceeding federally insured limits, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The failure of SVB exposed the Company to liquidity and credit risk prior to the completion of the FDIC resolution of SVB in a manner that fully protects all depositors. At the end of March 2023, Angion transferred substantially all of its cash and cash equivalents from SVB to an asset manager. If the Company is unable to access its cash and cash equivalents as needed, its financial position and ability to operate its business will be adversely affected.

The Company has no financial instruments with off-balance sheet risk of loss.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of March 31, 2023 and December 31, 2022, the Company's cash equivalents were held in institutions in the United States and include deposits in a money market fund which were unrestricted as to withdrawal or use.

Fair Value Measurement

Certain assets and liabilities are carried at fair value under GAAP. Fair value is determined using the principles of ASC 820, *Fair Value Measurement*. Fair value is described as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes and defines the inputs to valuation techniques as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs are observable for the asset or liability either directly or through corroboration with observable market data.

Level 3: Unobservable inputs.

The inputs used to measure the fair value of an asset or a liability are categorized within levels of the fair value hierarchy. The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement.

The Company's cash and cash equivalents, accounts payable and accrued expenses are carried at cost, which approximates fair value due to the short-term nature of these instruments.

Notes Receivable at Fair Value

As permitted under ASC 825, *Financial Instruments* ("ASC 825"), the Company has elected the fair value option for the notes receivable ("Notes") issued to Elicio. In accordance with ASC 825, the Company recognizes these Notes at fair value with changes in fair value recognized in the condensed consolidated statement of operations. The fair value option may be applied instrument by instrument, but it is irrevocable. As a result of applying the fair value option, direct costs and fees related to the issuance of the Notes were recognized in the condensed consolidated statement of operations as incurred and not deferred. The estimated fair value of the Notes is determined by utilizing a scenario-based analysis considering possible outcomes available to the holders of the Notes. See Note 4. Accrued interest receivable for the Notes has been included in the change in fair value of the Notes in the condensed consolidated statement of operations.

Research and Development

Research and development costs include, but are not limited to, payroll and personnel expenses, laboratory supplies, preclinical studies, compound manufacturing costs, consulting costs and allocated overhead, including rent, equipment, depreciation and utilities. Research and development costs may be offset by research and development refundable tax rebates received by the Company's wholly-owned Australian subsidiary.

The Company has agreements with various Contract Research Organizations ("CROs") and third-party vendors. Research and development accruals of amounts due to the CRO are estimated based on the level of services performed, progress of the studies, including the phase or completion of events, and contracted costs. The estimated costs of research and development provided, but not yet invoiced, are included in accrued expenses on the condensed consolidated balance sheet. Payments made to CROs under such arrangements in advance of the performance of the related services are recorded as prepaid expenses and other current assets until the services are rendered. The Company makes judgments and estimates in determining the accrued expenses balance in each reporting period. As actual costs become known, the Company adjusts its accrued expenses. For the three months ended March 31, 2023 and 2022, the Company has not experienced any material differences between accrued costs and actual costs incurred.

Net Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted net loss per share excludes the potential impact of common stock options, warrants and unvested shares of restricted stock and restricted stock units because their effect would be anti-dilutive due to the Company's net loss. Since the Company had net losses for the three months ended March 31, 2023 and 2022, basic and diluted net loss per common share are the same.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments* (ASU No. 2016-13), which requires an entity to utilize a new impairment model known as the current expected credit loss ("CECL") model to estimate its lifetime "expected credit loss" and record an allowance that, when deducted from the amortized cost basis of the financial assets and certain other instruments, including but not limited to, available-for-sale debt securities. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses rather than as a direct write-down to the security. The Company adopted ASU No. 2016-13 on January 1, 2023 and the adoption of the standard had no material impact on its condensed consolidated financial statements.

Note 3—Revenue and Deferred Revenue

Contract Revenue

The Company's contract revenue has been generated from payments received pursuant to a license agreement (the "Vifor License") with Vifor International, Ltd. ("Vifor Pharma"), with headquarters located in Switzerland. The Company recognized revenue from upfront payments over the term of its estimated period of performance using a cost-based input method under Topic 606.

Vifor License Agreement

In November 2020, the Company granted Vifor Pharma, an exclusive, global (excluding Greater China), royalty-bearing license for the commercialization of ANG-3777 in all Renal Indications, beginning with delayed graft function (DGF) and AKI associated with cardiac surgery involving cardiopulmonary bypass (CSA-AKI). The Vifor License also grants Vifor Pharma exclusive rights, with a right to sublicense subject to Company's consent for certain specified conditions, to develop and manufacture ANG-3777 for commercialization in Renal Indications worldwide (excluding Greater China) in cooperation with Angion or independently. The Company retains the right to develop and commercialize combination therapy products combining ANG-3777 with its other proprietary molecules, subject to Vifor Pharma's right of first negotiation with respect to global (excluding Greater China) rights to such combination therapy products in the Renal Indications.

Pursuant to the Vifor License and specifically based upon the clinical development plan for ANG-3777 set forth in the Vifor License, the Company was entitled to receive $80 million in upfront and near-term clinical milestone payments. The Company received $60.0 million in upfront and equity payments, including $30.0 million in up-front cash received in November 2020, and a $30.0 million equity investment, $5.0 million of which was a convertible note that subsequently converted into common stock with the IPO and $25.0 million of which was received in the Concurrent Private Placement with the Company's IPO. The Company was also eligible to receive post-approval milestones of up to approximately $260.0 million and sales-related milestones of up to $1.585 billion, providing a total potential deal value of up to $1.925 billion (subject to certain specified reductions and offsets), plus tiered royalties on net sales of ANG-3777 at royalty rates of up to 40%. Under the Vifor License, the Company is responsible for executing a pre-specified clinical development plan designed to obtain regulatory approvals of ANG-3777 for DGF and CSA-AKI. For the three months ended March 31, 2022, the Company recognized $1.6 million contract revenue related to the Vifor License. The Company completed its performance obligations under the Vifor License agreement and recognized all deferred revenue in 2022.

On October 26, 2021, the Company announced that its Phase 3 trial of ANG-3777 in DGF did not achieve its primary endpoint and the data from the Phase 3 trial was not expected to provide sufficient evidence to support an indication in the studied DGF population. On December 14, 2021, the Company announced its Phase 2 trial of ANG-3777 in CSA-AKI did not achieve its primary endpoint. The Vifor License included additional milestone and royalty objectives related to the clinical development plan for ANG-3777 which had included a Phase 3 study for CSA-AKI and a Phase 4 confirmatory study in DGF. The Company does not expect to receive any clinical, post-approval, or sales milestones, or royalties, as it does not intend to continue to pursue the current clinical development plan for ANG-3777. The Company continues to discuss with Vifor Pharma the analyses of the results of the clinical trials announced in the fourth quarter of 2021 and the future of the collaboration with Vifor.

Note 4—Fair Value Measurements

The following tables present the Company's financial assets and liabilities measured at fair value on a recurring basis and their assigned levels within the fair value hierarchy (in thousands):

ANGION BIOMEDICA CORP.
Notes to Unaudited Interim Condensed Consolidated Financial Statements (Continued)

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds[1]	$ 28,284	$ —	$ —	$ 28,284
Notes receivable	—	—	9,678	9,678
Total assets	$ 28,284	$ —	$ 9,678	$ 37,962
Warrant liabilities	$ —	$ —	$ 9	$ 9
Total liabilities	$ —	$ —	$ 9	$ 9

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds[1]	$ 9,860	$ —	$ —	$ 9,860
Total assets	$ 9,860	$ —	$ —	$ 9,860
Warrant liabilities	$ —	$ —	$ 19	$ 19
Total liabilities	$ —	$ —	$ 19	$ 19

(1) Included in cash and cash equivalents on the condensed consolidated balance sheets. This balance includes cash requirements settled on a nightly basis.

There were no transfers made among the three levels in the fair value hierarchy during periods presented.

The following table presents a summary of changes in Level 3 assets and liabilities measured at fair value (in thousands):

	Warrants Liability	Notes Receivable
Balance, beginning of the period	$ 19	$ —
Issuance of Notes receivable	—	10,000
Change in fair value	(10)	(322)
Balance, end of the period	$ 9	$ 9,678

Both observable and unobservable inputs were used to determine the fair value of positions that the Company has classified within the Level 3 category. Unrealized gains and losses associated with assets and liabilities within the Level 3 category include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long- dated volatilities) inputs.

The change in the fair value of the notes receivable for which the fair value option was elected (see Note 6) for the three months ended March 31, 2023, was related to the changes in market rates and probabilities related to certain scenarios, as well as the passage of time from the original issuance date.

The fair value of the warrants issued by the Company has been estimated using a variant of the Black Scholes option pricing model. The underlying equity included in the Black Scholes option pricing model was valued based on the equity value implied from sales of preferred and common stock at each measurement date. The fair value of the warrants was impacted by the model selected as well as assumptions surrounding unobservable inputs including the underlying equity value, expected volatility of the underlying equity, risk free interest rate and the expected term.

The Company records the change in the fair value of common stock warrants in change in fair value of warrant liability in the condensed consolidated statements of operations.

The fair value of the common stock warrant liability was estimated using the following assumptions:

	March 31, 2023	December 31, 2022
Weighted average strike price	$7.60	$7.60
Contractual term (years)	5.4	5.7
Volatility (annual)	100.0%	112.4%
Risk-free rate	3.9%	4.3%
Dividend yield (per share)	0.0%	0.0%

Note 5—Balance Sheet Components

Prepaid and Other Current Assets

Prepaid and other current assets consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Angion Pty tax receivable	$ 305	$ 305
Prepaid insurance	967	291
Security deposit	53	101
Other	405	246
Total prepaid and other current assets	$ 1,730	$ 943

Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Equipment	$ —	$ 866
Furniture and fixtures	—	34
Leasehold improvements	—	68
Total property and equipment	—	968
Less: accumulated depreciation	—	(695)
Property and equipment, net	$ —	$ 273

Depreciation expense for each of the three months ended March 31, 2023 and 2022 was immaterial. All property and equipment was disposed as of March 31, 2023 and the Company recognized a loss on disposal of $0.3 million in the condensed consolidated statements of operations.

Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Accrued compensation	$ 130	$ 112
Accrued restructuring (Note 11)	242	1,572
Accrued direct research costs	236	774
Accrued operating expenses	495	111
Total accrued expenses	$ 1,103	$ 2,569

Note 6—Notes Receivable

In connection with execution of the Merger Agreement, Angion made a bridge loan to Elicio pursuant to a note purchase agreement (Note Purchase Agreement) and Notes up to an aggregate principal amount of $12.5 million. The Notes were issued at a 20% original issue discount, with an initial closing held substantially concurrently with the execution of the Merger Agreement for a principal amount of $6.25 million on account of a $5.0 million loan in January 2023 and an additional closing for a principal amount of $6.25 million on account of a $5.0 million loan upon delivery by Elicio to Angion of Elicio's audited financial statements for the year ended December 31, 2022 in March 2023. The Notes mature one year from their issuance date and bear simple interest at 1.0% annually from and after the date of the Merger Agreement based on a principal amount equal to the amount actually advanced by Angion. As of March 31, 2023, Angion has issued an aggregate loan amount of $10 million which is recorded at a fair value of $9.68 million in notes receivable included within current assets on the condensed consolidated balance sheet.

The Company has elected the fair value option for recognition of the Notes. As such, the Notes are recognized at their estimated fair value with changes in fair value recognized in the condensed consolidated statements of operations. A loss of $0.4 million was recognized for the initial fair value upon the issuance of the Notes, and a gain of $0.1 million was then recognized for the three months ended March 31, 2023 for the change in fair value of the Notes. Accrued interest for the Notes has been included in the change in fair value of notes receivable in the condensed consolidated statements of operations.

Note 7—Stockholders' Equity

Common Stock

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are not entitled to receive dividends, unless declared by the board of directors.

Note 8—Stock-Based Compensation

Stock Options

The fair value of each employee and non-employee stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions.

The following table summarizes information and activity related to the Company's stock options:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Total Intrinsic Value (in thousands)
Outstanding as of December 31, 2022	3,726,247	$ 6.30	7.0	$ —
Options forfeited	(46,561)	6.54		
Outstanding as of March 31, 2023	3,679,686	$ 6.30	6.9	$ —
Options vested and exercisable	2,599,189	$ 6.82	6.2	$ —

The aggregate intrinsic value in the above table is calculated as the difference between the estimated fair value of the Company's common stock price and the exercise price of the stock options. No stock options were granted in the three months ended March 31, 2023. The weighted average grant date fair value per share for the stock option grants during the three months ended March 31, 2022 was $1.19. As of March 31, 2023, the total unrecognized compensation related to unvested stock option awards granted was $1.1 million, which the Company expects to recognize over a weighted-average period of approximately 2.3 years.

Restricted Stock Units (RSUs)

The following table summarizes information and activity related to the Company's RSUs:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share
Outstanding at December 31, 2022	16,046	$ 9.51
Vested and released	(244)	$ 9.51
Outstanding as of March 31, 2023	15,802	$ 9.51

Performance-based Restricted Stock Units (PSUs)

The Company granted 556,530 PSUs in June 2019. Vesting of the PSUs is dependent upon the satisfaction of both a service condition and a performance condition, an initial public offering or a change of control, as defined in the 2015 Plan. As the IPO occurred in February 2021, the performance condition was met and 185,510 PSUs vested and were released upon the closing of the IPO. Another 185,510 PSUs vested and were released in June 2021 and July 2022 upon the second and third anniversary of the grants, respectively, therefore, as of March 31, 2023, the Company had no PSUs outstanding.

Stock-based Compensation Expense

The following table summarizes total stock-based compensation expense recorded in the condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2023	2022
Research and development	$ 41	$ (448)
General and administrative	311	479
Total	$ 352	$ 31

Employee Stock Purchase Plan

In January 2021, the board of directors of the Company approved the Employee Stock Purchase Plan (the "ESPP"). The ESPP was effective on the date immediately prior to the effectiveness of the Company's registration statement relating to the IPO. A total of 390,000 shares of common stock were initially reserved for issuance under the ESPP. The offering period and purchase period will be determined by the Board of Directors. As of March 31, 2023, 689,583 shares under the ESPP remain available for purchase and no offerings have been authorized.

Note 9—Warrants

As of March 31, 2023 and December 31, 2022, outstanding warrants to purchase the Company's common stock consisted of the following:

	Classification	Exercise Price	Expiration Date	March 31, 2023	December 31, 2022
Warrants issued with conversion of Convertible Notes to Common Stock	Equity	$ 8.03	8/31/23	232,287	232,287
Warrants issued with Units in the Equity Offering	Equity	$ 8.03	8/31/23	875,034	875,034
Broker Warrants issued with Equity Offering	Equity	$ 0.01	8/31/25	1,297	1,297
Consultant Warrants	Liability	$ 7.60	8/31/28	39,505	39,505
Total Warrants				1,148,123	1,148,123

In accordance with ASC 815, the warrants classified as liabilities are recorded at fair value at the issuance date, with changes in the fair value recognized in the condensed consolidated statements of operations at the end of each reporting period. Refer to Note 4 for changes in the fair value recognized during the periods reported.

In accordance with ASC 815, the warrants classified as equity do not meet the definition of a derivative and are classified in stockholders' equity in the condensed consolidated balance sheets.

There was no warrant activity during the three months ended March 31, 2023.

Note 10—Commitments and Contingencies

Operating Leases

The Company leased office and laboratory space in Uniondale, New York from NovaPark, a related party, under an agreement classified as an operating lease expiring on June 20, 2026. The Company's lease did not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Variable expenses generally represent the Company's share of the landlord's operating expenses, including management fees. The Company did not act as a lessor or have any leases classified as financing leases. In March 2023, the Company entered into a Surrender Agreement with NovaPark LLC which terminated its Uniondale, New York lease. The Surrender Agreement also provided that no other rent or charges would be due from the Company with respect to any period prior to or subsequent to the surrender of the property to NovaPark, thereby relieving the Company of lease payments equal to approximately $3.86 million, plus other amounts for facility fees and utilities with respect to the Property. See Note 15 for additional information.

The Company leased office space in Fort Lee, New Jersey, comprising approximately 2,105 square feet for approximately $0.1 million per year, under a non-cancelable operating lease through March 31, 2022. This arrangement was excluded from the calculation of lease liabilities and right of use assets as its term was less than one year. The lease was subject to charges for common area maintenance and other costs. The Company did not renew the New Jersey lease and it expired on March 31, 2022.

In July 2020, the Company entered into a lease for office furniture in San Francisco, California set to expire in July 2025, with an immaterial annual lease payment.

In February 2021, the Company entered into a lease for clinical and regulatory space in Newton, Massachusetts (the “Newton lease”), comprising approximately 6,157 square feet for approximately $0.2 million per year, under a non-cancelable operating lease through June 30, 2024. Pursuant to the Newton lease, the Company had four months of free rent starting from February 15, 2021 to June 14, 2021. The Company has one option to extend the term of the lease for three years with nine months’ notice. As of April 1, 2023 the Company’s primary business address is associated with the Newton’s lease.

The following table summarizes the components of the Company's operating lease costs (in thousands):

	Three Months Ended March 31,	
	2023	2022
Operating lease cost	$ 27	$ 413
Variable lease cost	—	52
Short-term lease cost	—	6
Total operating lease cost	$ 27	$ 471

The following table summarizes quantitative information about the Company's operating leases (dollars in thousands):

	Three Months Ended March 31,	
	2023	2022
Operating cash flows from operating leases	$ 57	$ 323
Right-of-use assets exchanged for operating lease liabilities	$ —	$ —
Weighted-average remaining lease term—operating leases (in years)	1.2	3.7
Weighted-average discount rate—operating leases	2.1 %	9.4 %

As of March 31, 2023, maturities of lease liabilities were as follows (in thousands):

Year Ended December 31,	Amounts
2023 (remaining nine months)	$ 173
2024	123
2025	7
Total	303
Less present value discount	(6)
Operating lease liabilities	$ 297

Financing obligation

In 2021, the Company entered into an immaterial sale and leaseback arrangement with a third-party financing institution as a financing mechanism to fund certain of its capital expenditures primarily related to operating equipment, whereby the physical asset is sold concurrent with an agreement to lease the asset back. The initial leaseback term is 42 months starting from November 2021. The arrangement included a renewal option as well as a repurchase option at fair value with a cap at the end of the term. The arrangement did not qualify as an asset sale as control of the equipment did not transfer to the third party and was accounted for as a failed sale-leaseback. Therefore, the Company accounted for the arrangement as a financing transaction and recorded the proceeds received as a financing obligation. The leased assets were included in property and equipment, net on the condensed consolidated balance sheets and were subject to depreciation.

In March 2023, Angion terminated its sale and leaseback arrangement and exercised its repurchase option to buy back the previously leased assets for $0.2 million.

Litigation

From time to time, the Company may be involved in legal proceedings, as well as demands, claims and threatened litigation, which arise in the normal course of its business or otherwise. Following announcement of the Merger Agreement with Elicio on January 17, 2023, and the filing of a Registration Statement on Form S-4 on February 13, 2023, a lawsuit was filed in the United States District Court for the Eastern District of New York on February 17, 2023 by a purported stockholder of Angion in connection with the proposed merger between Angion and Elicio. The lawsuit was captioned Klein v. Angion Biomedica Corp., et al., No. 1:23-cv-01313 (E.D.N.Y.). The Klein complaint named as defendants Angion, and the members of the Angion Board. The Klein complaint alleged claims for violations of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder against all defendants, and violations of Section 20(a) of the Exchange Act against the members of the Angion Board. The plaintiff contended that registration statement on Form S-4 filed on February 13, 2023 omitted or misrepresented material information regarding the proposed merger between Angion and Elicio, rendering the registration statement false and misleading. The Klein complaint sought injunctive and declaratory relief, as well as damages. On February 21, 2023, the plaintiff filed a notice of voluntary dismissal of the Klein lawsuit. Although the plaintiffs voluntarily dismissed this case, litigation of this type is prevalent in mergers involving public companies, and other potential plaintiffs may file lawsuits challenging the Merger.

The outcome of any additional future litigation is uncertain. Such litigation, if not resolved, could prevent or delay completion of the Merger and result in substantial costs to Angion, including any costs associated with the indemnification of directors and officers. One of the conditions to the completion of the Merger is the absence of any lawsuits or order from a governmental entity (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the consummation of the Merger. Therefore, if a plaintiff were successful in

obtaining an injunction prohibiting the consummation of the Merger on the agreed-upon terms, then such injunction may prevent the Merger from being completed, or from being completed within the expected timeframe. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is completed may adversely affect Angion's business, financial condition, results of operations and cash flows.

Indemnification

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these arrangements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the fair value of these agreements is minimal.

Note 11—Restructuring and Long-Lived Asset impairment

The Company has incurred restructuring and impairment expenses due to the significant cut in the number of employees from its reductions in force announced in January and July 2022 and its suspension of certain of its operations in deference to its 2022 Strategic Realignment which impacted the use of its leased facilities. In 2022, the Company incurred restructuring and impairment expenses in the amount of $9.2 million. Included in restructuring expenses were $6.2 million one-time termination benefit charges incurred in connection with the reductions in force announced in January and July 2022 and noncash impairment charges of $3.0 million in connection with its long-lived assets primarily associated with its leased facility in Uniondale, New York (See Note 10 for additional information). Of the $6.2 million of termination benefit charges incurred, $1.1 million was paid in the three months ended March 31, 2022 and $1.4 million was paid in the three months ended March 31, 2023. The Company expects to pay the remaining $0.2 million by the end of September 2023.

Note 12—Income Taxes

The Company's income tax provision was immaterial and the effective tax rate was 0% in each of the three months ended March 31, 2023 and 2022. The difference between the Company's effective tax rate of 0% and the U.S. federal statutory tax rate of 21% is primarily due to net operating losses in this period which are offset by the corresponding valuation allowance. The Company has provided a full valuation allowance against its net deferred tax assets as it is more likely than not such assets would not be realized.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income in which those temporary differences become deductible. Based on the available objective evidence, management believes it is more likely than not the net deferred tax assets at March 31, 2023 will not be realizable. Accordingly, management has maintained a full valuation allowance against its net deferred tax assets at March 31, 2023. Each reporting period, management evaluates the need for a valuation allowance on the Company's deferred tax assets by jurisdiction and adjust the Company's estimates as more information becomes available.

The Company is required to recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, the position will be sustained upon examination. Tax years starting from 2015 and forward are subject to examination by the U.S. federal and state tax authorities. These years are open due to net operating losses and tax credits remain unutilized from such years. The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. As of March 31, 2023, there were no accruals for interest and penalties related to uncertain tax positions.

Note 13—Employee Benefit Plan

Employee Benefit Plan

The Company sponsors a retirement savings plan intended to qualify for favorable tax treatment under Section 401(a) of the Code, and contains a cash or deferred feature intended to meet the requirements of Section 401(k) of the Code. Participants may make pre-tax and certain after-tax (Roth) salary deferral contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit under the Code. Participants who are 50 years of age or older may contribute additional amounts based on the statutory limits for catch-up contributions. Participant contributions are held in trust as required by law. No minimum benefit is provided under the plan. An employee's interest in his or her salary deferral contributions is 100% vested when contributed. Contributions, subject to established limits, are matched at a dollar for dollar rate up to 3% of an individual's earnings and fifty cents on the dollar on the next 4-5% of earnings.

Note 14—Net Loss Per Share

The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common stockholders, which excludes shares which are legally outstanding but subject to repurchase by the Company (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2023	2022
Numerator		
Net loss	$ (4,537)	$ (14,240)
Denominator:		
Weighted-average shares used in computing net loss per share, basic and diluted	30,114,113	29,959,251
Net loss per share, basic and diluted	$ (0.15)	$ (0.48)

The table below provides potentially dilutive securities not included in the calculation of the diluted net loss per share because to do so would be anti-dilutive:

	Three Months Ended March 31,	
	2023	2022
Shares issuable upon exercise of stock options	3,679,686	5,814,847
Shares issuable upon the exercise of warrants	1,148,123	1,148,123
Unvested shares under restricted stock unit grants	15,802	202,650
Total	4,843,611	7,165,620

Note 15—Related Party Transactions

On February 25, 2022, the Company entered into a Separation Agreement with Itzhak D. Goldberg, M.D., who formerly served as Executive Chairman and Chief Scientific Officer and currently serves as a director and Chairman Emeritus on the Company's board of directors. Pursuant to the terms of the Separation Agreement, Dr. Goldberg will receive severance benefits of approximately $1.2 million. As of March 31, 2023, $1.0 million has been paid and the remaining $0.2 million is expected to be paid by the end of September 2023. Under the 2015 Plan and 2021 Plan, Dr. Goldberg has vested his PSUs and stock options and will have the right to exercise vested stock options, so long as he remains in continuous service with the Company as a director on the board of directors.

On March 1, 2022, the Company entered into a Separation Agreement with Elisha Goldberg, former employee and son of Itzhak D. Goldberg, M.D. Pursuant to the terms of the Separation Agreement, as of March 31, 2023, Mr. Goldberg had received severance benefits of approximately $0.5 million. Mr. Goldberg also had the right to exercise vested stock options he received under the 2015 Plan or 2021 Plan for an extended period of 11 months until December 31, 2022. None of the vested stock options were exercised by Mr. Goldberg.

Ohr Investment

In a series of investments in November 2013 and July 2017, the Company invested a total of $150,000 to acquire a membership interest in Ohr Cosmetics, LLC (“Ohr”), an affiliated company.

The Company owns, and the family of the Company's Chairman Emeritus owns, approximately 2.4% and 81.3%, respectively, of the membership interests in Ohr. The Chairman Emeritus' son is the manager of Ohr. In addition, the Company’s President and Chief Executive Officer and director, and Mr. Ganzi, and the Company’s Lead Independent Director, each own approximately 1.6% of the membership interests in Ohr.

In November 2013, the Company granted Ohr an exclusive worldwide license, with the right to sublicense, under the Company's patent rights covering one of the Company's CYP26 inhibitors, ANG-3522, for the use in treating conditions of the skin or hair. Sublicensees may not grant further sublicenses under the Company's patent rights other than to affiliates of such sublicensees and entities with which sublicensees are collaborating for the research, development, manufacture and commercialization of the products. Ohr will pay the Company a royalty at a rate in the low single digits on gross revenue of products incorporating ANG-3522, and milestone payments potentially totaling up to $9.0 million based on achievement of sales milestones. Royalties and milestone payments will be paid until the later of 15 years from the first commercial sale of a licensed product or the last to expire licensed patent rights. The royalty rate is subject to adjustments under certain circumstances. The Company believes the Ohr License was made on terms no less favorable to the Company than those the Company could obtain from unaffiliated third parties. On February 5, 2023, the Company and Ohr executed the First Amendment to the Ohr license agreement. Such amendment allows Ohr access to the Company’s CYP26 inhibitors beyond ANG-3522 for the use in of treating conditions of the skin and hair, eliminates the Company’s obligation to prosecute or maintain the patents rights licensed to Ohr at its principal expense, and allows Ohr to prosecute and maintain such patent rights its sole own expense. No revenue from this license agreement was recognized for the periods presented.

NovaPark Investment and Lease

The Company had a 10% interest in NovaPark. Members of the Company's Chairman Emeritus’ immediate family own a majority of the membership interests of NovaPark. The Company accounted for its aggregate 10% investment in NovaPark under the equity method. In March 2023, Angion entered into a Surrender Agreement with NovaPark which terminated the Agreement of Lease, dated as of June 21, 2011, as amended, of its office and laboratory space in Uniondale, New York for a termination fee of $3.03 million and entered into a Membership Interest Redemption Agreement with NovaPark to relinquish its 10% membership interest in NovaPark, accounted as Investment in Related Parties in the condensed consolidated balance sheets. The net loss resulting from the lease termination and relinquishment of investment in Novapark was immaterial and recognized in research and development expenses in the condensed consolidated statement of operations for the three months ended March 31, 2023.

The following table provides the activity for the NovaPark investment for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
Beginning balance	$ 724	$ 723
Earnings from equity method investment	—	9
Write off of equity method investment	(724)	—
Ending balance	$ —	$ 732

The Company leased office and laboratory space in Uniondale, New York from NovaPark under a lease expiring June 20, 2026. As of December 31, 2022, the Company was no longer conducting operations in its leased facility in Uniondale, New York. See Note 11 for additional information regarding the impairment charge the Company recorded in connection with leased facility. Due to the lease termination, no rent expense or variable expenses were recorded for the three months ended March 31, 2023. The Company recorded rent expense for fixed lease payments of $0.3 million and variable expenses related to the lease of $0.1 million in the three months ended March 31, 2022.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022. In addition to the historical financial information, this discussion contains forward-looking statements involving risks, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions, forecasts and projections. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this Quarterly Report on Form 10-Q titled "*Risk Factors,*" *which you should carefully to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section titled* "*Forward-Looking Statements*" *at the beginning of this report.*

Overview

We had been a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel small molecule therapeutics to address chronic and progressive fibrotic diseases, prior to our 2022 Strategic Realignment. Our goal was to transform the treatment paradigm for patients suffering from these potentially life-threatening conditions for which there are no approved medicines or where existing approved medicines have known limitations. Our product candidates and programs included ANG-3070, a TKI formerly in development as a treatment for fibrotic diseases; a ROCK2 preclinical program targeted towards the treatment of fibrotic diseases; a CYP11B2 preclinical program targeted towards diseases related to aldosterone synthase dysregulation; and a CYP26 (retinoic acid metabolism) inhibitor program targeted towards a number of indications, including cancer; and ANG-3777, a HGF mimetic. If we do not complete the merger transaction with Elicio, we could move forward with developing ANG-3070 and conducting further preclinical studies for its ROCK2 program.

Our 2022 Strategic Realignment was announced following our June 2022 termination of our Phase 2 "JUNIPER" dose-finding trial for ANG-3070 in patients with primary proteinuric kidney diseases, specifically FSGS and IgAN. The JUNIPER trial was terminated in the interests of patient safety based upon a reassessment of the risk/benefit profile of ANG-3070 in patients with established serious kidney disease. We completed the data collection work necessary related to the JUNIPER trial to ascertain whether the drug had any effect, positive or negative, in patients with fibrotic kidney diseases and determined there was no economically-viable path forward for ANG-3070 in primary proteinuric kidney diseases.

On January 17, 2023, we entered into and announced a definitive merger agreement with Elicio under which Elicio will merge with a wholly-owned subsidiary of Angion in an all-stock transaction ("Merger"). Upon completion of the Merger, the combined company will focus on advancing Elicio's proprietary lymph node AMP technology to develop immunotherapies, with a focus on ELI-002, a therapeutic cancer vaccine targeting mKRAS-driven tumors.

We have currently suspended clinical development activities in anticipation of the announced Merger, do not have any products approved for sale and have not generated any revenue from product sales since our inception and do not expect to generate revenue from product sales unless we successfully develop, and we or our collaborators commercialize, our product candidates, which we do not expect to occur in the near future, if ever. Our net losses were $4.5 million and $14.2 million for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, we had an accumulated deficit of $258.5 million. We expect to continue to incur net losses for the foreseeable future.

In addition, if we resume clinical development of our product candidates absent the completion of the announced Merger and if we seek regulatory approval for any of our product candidates or those for which we retain the right to commercialize in the future, we would need to incur additional expenses as we develop and expand our clinical, regulatory, quality, manufacturing and commercialization capabilities, and incur significant commercialization expenses for marketing, sales, manufacturing and distribution if we were to obtain marketing approval for such product candidates.

We have relied on third parties in the conduct of our preclinical studies and clinical trials and for manufacturing and supply of our product candidates. We have no internal manufacturing capabilities, and if we continue to develop product candidates, we expect to continue to rely on third parties, many of whom are single-source suppliers, for our preclinical study and clinical trial materials. In addition, we do not have a marketing or sales organization or commercial infrastructure. Accordingly, if we are able to develop and obtain approval for one or more product candidates, we will incur significant expenses to develop a marketing and sales organization and commercial infrastructure in advance of generating any product sales of wholly-owned product candidates or those for which we retain the right to commercialize.

Furthermore, we would need to make continued investment in development studies, registration activities and the development of commercial support functions including quality assurance and safety pharmacovigilance before we would be in a position to sell any of our product candidates, if approved.

Restructuring and Long-Lived Asset impairment

We incurred restructuring and impairment expenses due to the significant cut in the number of employees from our reductions in force announced in January and July 2022 and suspension of certain of our operations in deference to our 2022 Strategic Realignment which impacted the use of our leased facilities. In 2022, we incurred restructuring and impairment expenses in the amount of $9.2 million. Included in restructuring expenses were $6.2 million one-time termination benefit charges incurred in connection with the reductions in force announced in January and July 2022 and noncash impairment charges of $3.0 million, recorded in the fourth quarter of 2022, in connection with our long-lived assets primarily associated with our leased facility in Uniondale, New York. Of the $6.2 million of termination benefit charges incurred, zero and $3.2 million was reported in operating expenses through our condensed consolidated statements of operations in the three months period ended March 31, 2023, and 2022, respectively. As of March 31, 2023, $1.4 million was paid in the first quarter of 2023 and we expect to pay the remaining $0.2 million of termination benefit charges by the end of September 2023.

License Agreements

License Agreement with Vifor Pharma

In November 2020, we granted Vifor Pharma, an exclusive, global (excluding Greater China), royalty-bearing license, for the commercialization of ANG-3777 in all Renal Indications, beginning with DGF and CSA-AKI. The Vifor License also grants Vifor Pharma exclusive rights, with a right to sublicense subject to our consent for certain specified conditions, to develop and manufacture ANG-3777 for commercialization in Renal Indications worldwide (excluding Greater China) in cooperation with us or independently. We retain the right to develop and commercialize combination therapy products combining ANG-3777 with our other proprietary molecules, subject to Vifor Pharma's right of first negotiation with respect to global (excluding Greater China) rights to such combination therapy products in the Renal Indications. Although the Vifor License includes additional milestone and royalty objectives, we do not expect to receive any clinical, post-approval, or sales milestones, or royalties, as we do not intend to continue to pursue the clinical development plan for ANG-3777, which had included a Phase 3 study for CSA-AKI and a phase 4 confirmatory study in DGF. We and Vifor continue to discuss the analyses of the results of the clinical trials announced in the fourth quarter of 2021 and the future of the collaboration.

Components of Results of Operations

The following discussion summarizes the key factors our management believes are necessary for an understanding of our financial statements.

Revenue

We do not have any products approved for sale and have not generated any revenue from product sales. Our revenue to date primarily has been derived from government funding consisting of U.S. government grants and contracts, and revenue under our license agreements, specifically the Vifor License.

Contract Revenue

Our license agreements comprise elements of upfront license fees, milestone payments based on development and royalties based on net product sales. The timing of our operating cash flows may vary significantly from the recognition of the related revenue. Income from upfront payments is recognized when we satisfy the performance obligations in the contract, which can result in recognition at either a point in time or over the period of continued involvement. Other revenue, such as milestone payments, are recognized when achieved.

Our revenue to date has been generated from payments received pursuant to the Vifor License Agreement. We recognize revenue from upfront payments over the term of our estimated period of performance using a cost-based input method under Topic 606, *Revenue from Contracts with Customers*.

In addition to receiving an upfront payment, we may also be entitled to milestones and other contingent payments upon achieving predefined objectives. If a milestone is considered probable of being reached, and if it is probable that a significant revenue reversal would not occur, the associated milestone amount would also be included in the transaction price. We expect any license revenue we generate from any future collaboration

partners, will fluctuate in the future as a result of the timing and amount of upfront, milestones and other collaboration agreement payments and other factors.

Operating Expenses

Research and Development Expenses

To date, our research and development expenses have primarily related to discovery efforts and preclinical and clinical development of our product candidates. We recognize research and development expenses as they are incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received.

Our research and development expenses have consisted primarily of:

- personnel costs, including salaries, payroll taxes, employee benefits and stock-based compensation, for personnel in research and development functions;
- costs associated with medical affairs activities;
- fees paid to consultants, clinical testing sites and contract research organizations (CROs), including in connection with our preclinical studies and clinical trials, and other related clinical trial fees, such as for investigator grants, patient screening, laboratory work, clinical trial database management, clinical trial material management and statistical compilation, analysis and reporting;
- contracted research and license agreement fees with no alternative future use;
- costs related to acquiring, manufacturing and maintaining clinical trial materials and laboratory supplies;
- depreciation of equipment and facilities;
- legal expenses related to clinical trial agreements and material transfer agreements; and
- costs related to preparation of regulatory submissions and compliance with regulatory requirements.

Other than with respect to reimbursable expenses required to be recorded under our government grants and contracts, we do not allocate our expenses by product candidates. A significant amount of our direct research and development expenses include payroll and other personnel expenses for our departments supporting multiple product candidate research and development programs and, other than as specified above, we do not record research and development expenses by product. For the three months ended March 31, 2023, research and development expenses primarily consisted of losses on the termination of lease obligations and associated loss on the disposal of property and equipment (see Note 5 and Note 11 to the condensed consolidated financial statements for additional information) due our suspended clinical development activities in anticipation of the announced Merger. For the three months ended March 31, 2022, research and development expenses were primarily driven by expenses relating to the development of ANG-3777 and ANG-3070.

For the three months ended March 31, 2023 and 2022, 88% and 59%, respectively, of research and development expenses were from external third-party sources and the remaining 12% and 41%, respectively, were from internal sources.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related expenses, such as salaries, payroll taxes, employee benefits and stock-based compensation, for personnel in executive, operational, finance and human resources functions. Other significant general and administrative expenses include insurance costs, accounting and legal services and expenses associated with the Merger and obtaining and maintaining patents.

Other Income (Expense)

Notes Receivable Recorded at Fair Value

As permitted under ASC 825, *Financial Instruments, w*e have elected the fair value option for recognition of our notes receivable issued to Elicio. Our notes receivable are subject to re-measurement each reporting period with gains and losses reported through our condensed consolidated statements of operations.

Warrant Liability

We have accounted for certain of our freestanding warrants to purchase shares of our common stock as liabilities measured at fair value, in accordance with ASC 815, *Derivatives and Hedging*. The warrants are subject to re-measurement at each reporting period with gains and losses reported through our condensed consolidated statements of operations.

Foreign Exchange Transaction Gain

Foreign currency transaction gains, primarily related to intercompany loans, are recorded as a component of other income (expense) in our condensed consolidated statements of operations.

Earnings in Equity Method Investment

Earnings in equity method investment represents our 10% interest in NovaPark accounted for under the equity method. We wrote off our investment in NovaPark during the three months ended March 31, 2023. (See Note 15 to our condensed consolidated financial statements for additional information).

Interest Income

Interest income consists of interest earned on our cash and cash equivalents.

Results of Operations

Comparison of the Three Months Ended March 31, 2023 and 2022

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

	Three Months Ended March 31,			
	2023	2022	$ Change	% Change
	(In thousands, except percentages)			
Revenue:				
Contract revenue	$ —	$ 1,648	$ (1,648)	(100
Total revenue	—	1,648	(1,648)	(100
Operating expenses:				
Research and development	326	11,667	(11,341)	(97
General and administrative	4,281	4,466	(185)	(4
Total operating expenses	4,607	16,133	(11,526)	(71
Loss from operations	(4,607)	(14,485)	9,878	(68
Other income (expense), net	70	245	(175)	(71
Net loss	**$ (4,537)**	**$ (14,240)**	**$ 9,703**	

Contract Revenue

Contract revenue decreased by $1.6 million for the three months ended March 31, 2023 compared to the same period in 2022. Contract revenue for the three months ended March 31, 2022 was due to acceleration of revenue recognition related to the upfront payment we received from Vifor Pharma when the license agreement with Vifor

Pharma was entered into in 2020. We completed our performance obligations under the Vifor License Agreement by the second quarter of 2022 and recognized all deferred revenue as of the end of that period.

Research and Development Expenses

Research and development expenses decreased by $11.3 million, or 97%, for the three months ended March 31, 2023 compared to the same period in 2022. The net decrease in research and development expenses was primarily due to a $6.4 million reduction in clinical trial related expenses and R&D consulting and subcontractor expenses as a result of the completion of the ANG-3777 and termination of the ANG-3070 trials, a $4.7 million decrease in salary, bonus, and stock based compensation and related severance due to the reduction in headcount following the reduction in force announced in January 2022, and a decrease of $0.5 million in other operating expenses. These decreases were offset in part by a total increase of $0.3 million from the loss on disposal of property and equipment and losses recognized related to the termination of our Novapark lease obligation and sales lease back arrangement (see Note 5, Note 10 and Note 15 to our condensed consolidated financial statements for additional information).

General and Administrative Expenses

General and administrative expenses decreased by $0.2 million, or 4%, for the three months ended March 31, 2023 compared to the same period in 2022. The decrease in general and administrative expenses was primarily due to a net decrease of $1.2 million in personnel-related expenses primarily in salary, bonus, severance and stock-based compensation related to the reduction in force announced in January 2022 and $0.6 million decreases in professional services expense, including audit, consulting and insurance fees. These net decreases were offset by an increase of $1.6 million in legal expenses primarily for Merger related expenses.

Other Income (Expense)

Other income (expense) decreased by $0.2 million for the three months ended March 31, 2023 compared to the same period in 2022. The decrease is primarily due to a $0.2 million foreign currency transaction loss and a $0.3 million net loss in fair value on the note receivable due to remeasurement partially offset by a net increase of $0.4 million in interest income earned on our cash and cash equivalents. The remaining net fluctuations of $0.1 million were individually insignificant.

Liquidity and Capital Resources

Sources and Uses of Liquidity

We have incurred losses and negative cash flows from operations since inception, and we anticipate we will incur losses for at least 12 months following the issuance date of our condensed consolidated financial statements. To date, we have not generated any revenue from product sales. We have funded our operations primarily through the receipt of grants, the sale of debt and equity securities, and proceeds from license agreements. As of March 31, 2023, we had $29.2 million of cash and cash equivalents and an accumulated deficit of $258.5 million, compared to $50.5 million of cash and cash equivalents and an accumulated deficit of $253.9 million as of December 31, 2022.

On March 10, 2023, Silicon Valley Bank (SVB), at which we maintained cash and cash equivalents in multiple accounts, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. The failure of SVB exposed us to liquidity and credit risk prior to the completion of the FDIC resolution of SVB in a manner that fully protects all depositors. At the end of March 2023, we transferred substantially all of our cash and cash equivalents from SVB to an asset manager.

Future Cash Needs and Funding Requirements

Based on our current operating plan, we believe our cash and cash equivalents will be sufficient to fund our planned operations for at least 12 months, well into 2024, following the issuance date of our condensed consolidated financial statements. However, we have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all our available capital resources sooner than we expect. We are unable to estimate the exact amount of our operating capital requirements. The amount and timing of our future funding requirements will depend on many factors, including, but not limited to:

- our ability to complete the Merger or, if the Merger is not completed, identify and consummate another strategic transaction;
- the scope, progress, results and costs of researching and developing product candidates, and conducting preclinical studies and clinical trials;

- the outcome of any future clinical trials, for any existing or future product candidates;
- whether we are able to take advantage of any FDA expedited development and approval programs for any of its product candidates;
- the extent to which COVID-19 may impact our business, and financial condition;
- the outcome, costs and timing of seeking and obtaining and maintaining FDA and any foreign regulatory approvals;
- the number and characteristics of product candidates we pursue, including product candidates in preclinical development;
- the ability of our product candidates to progress through clinical development successfully;
- our need to expand its research and development activities, including to conduct additional clinical trials;
- market acceptance of our product candidates, including physician adoption, market access, pricing and reimbursement;
- the costs of acquiring, licensing or investing in businesses, products, product candidates and technologies;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments potentially required to make, or that we may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- our need and ability to hire additional personnel, including management, clinical development, medical and commercial personnel;
- the effect of competing technological, market developments and government policy;
- the costs associated with being a public company, including our need to implement additional internal systems and infrastructure, including financial and reporting systems;
- the costs associated with securing and establishing commercialization and manufacturing capabilities, as well as those associated with packaging, warehousing and distribution;
- the economic and other terms, timing of and success of our existing licensing arrangements and any collaboration, licensing or other arrangements into which we may enter in the future and timing and amount of payments thereunder; and
- the timing, receipt and amount of sales and general commercial success of any future approved products, if any.

Until such time as we or our collaborators can generate significant revenue from sales of product candidates, if ever, we expect to finance our operations through public or private equity offerings or debt financings or other sources of capital, including collaborations, licenses, credit or loan facilities, receipt of research contributions or grants, tax credit revenue or a combination of one or more of these funding sources. Adequate funding may not be available to us on acceptable terms, or at all. To the extent we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raises funds through additional collaborations, or other similar arrangements with third parties, we may have to relinquish valuable rights to its technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates itself.

Summary Statement of Cash Flows

The following table sets forth a summary of our net cash flow activity for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net cash provided by (used in)		
Operating activities	$ (8,079)	$ (15,653)
Investing activities	(10,000)	—
Financing activities	(3,268)	(14)
Effect of foreign currency on cash	79	(87)
Net decrease in cash	$ (21,268)	$ (15,754)

Operating activities

For the three months ended March 31, 2023, net cash used in operating activities was $8.1 million, which primarily consisted of a net loss of $4.5 million and a use of cash from the change in net operating assets and liabilities of $4.6 million which was partially offset by net non-cash charges of $1.0 million. The change in net operating assets and liabilities of $4.6 million was primarily the result of an increase in prepaid expenses of $1.6 million due to prepayment of business insurance and other services in the period, a decrease of $1.8 million in accounts payable due to the timing of vendor payments, the decrease of $1.1 million in accrued expenses due to the suspended clinical development activities in anticipation of the announced Merger and $0.1 million fluctuations that were individually insignificant. The $1.0 million of net non-cash charges primarily included stock-based compensation of $0.4 million, $0.3 million loss on the disposal of property and equipment and a $0.3 million loss from the changes in fair value of the notes receivable during the three months ended March 31, 2023.

For the three months ended March 31, 2022, net cash used in operating activities was $15.7 million, which primarily consisted of a net loss of $14.2 million, partially offset by net non-cash charges of $0.2 million and a use of cash from the change in net operating assets and liabilities of $1.6 million. The net non-cash charges were primarily related to the amortization of operating lease right-of-use assets of $0.2 million. The use of cash due to the change in net operating assets and liabilities was due to a decrease in deferred revenue of $1.6 million due to revenue recognized in the period, an increase of $1.5 million in prepaid expenses and other current assets primarily due to the prepayment of business insurance, and a decrease of $1.3 million in accounts payable due to the payment of CRO invoices, partially offset by an increase of $2.0 million in accrued expenses due to timing of invoices, and an increase of $0.2 million in other liabilities, noncurrent, for accrued severance, and a decrease of $0.8 million in grants receivable due to the fulfillment of the grant contract with the U.S. Department of Defense.

Investing activities

For the three months ended March 31, 2023, $10 million in cash was used for the bridge loan to Elicio pursuant to Note Purchase Agreement in connection with execution of the Merger Agreement in January 2023.

For the three months ended March 31, 2022, no cash was provided by or used in investing activities.

Financing activities

For the three months ended March 31, 2023, the net cash used in financing activities was $3.3 million, consisting primarily of termination fee of $3.0 million for the Novapark lease termination and $0.2 million used to terminate our sale and leaseback arrangement. The remaining $0.1 million net cash used in financing activities was individually insignificant.

For the three months ended March 31, 2022, net cash used in financing activities was immaterial.

Critical Accounting Policies and Significant Judgements and Estimates

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

Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 17, 2023. During the three months ended March 31, 2023, except as described in Note 2 to the unaudited interim condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q, there were no material changes to our critical accounting policies from those previously disclosed.

Emerging Growth Company and Smaller Reporting Company Status

We are a smaller reporting company and an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay the adoption of new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Other exemptions and reduced reporting requirements under the JOBS Act for emerging growth companies include presentation of only two years of audited financial statements in a registration statement for an initial public offering, an exemption from the requirement to provide an auditor's report on internal controls over financial reporting pursuant to Sarbanes-Oxley Act of 2002, as amended (Sarbanes-Oxley) an exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation, and less extensive disclosure about our executive compensation arrangements.

We have elected to use the extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that (i) we are no longer an emerging growth company or (ii) we affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting standards as of public company effective dates.

We will remain an emerging growth company until the earliest of (i) December 31, 2026, (ii) the last day of our first fiscal year in which we have total annual gross revenue of $1.235 billion or more, (iii) the date on which we are deemed to be a "large accelerated filer," as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (Exchange Act), which means the market value of equity securities held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter and (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" and/or "non-accelerated filer" which may allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply for a period of time with the auditor attestation requirements of Section 404 of Sarbanes-Oxley, and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, our principal executive officer and principal accounting and financial officer, respectively, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2023.

Disclosure controls and procedures are controls and other procedures designed to ensure information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our President and Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our President and Chief Executive Officer and our Chief Financial Officer concluded our disclosure controls and procedures were effective as of March 31, 2023.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) under the Exchange Act) that occurred during the quarter ended March 31, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness Over Financial Reporting

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable and not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but there can be no assurance such improvements will be sufficient to provide us with effective internal control over financial reporting.

Part II OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in legal proceedings, as well as demands, claims and threatened litigation, which arise in the normal course of its business or otherwise. Following announcement of the merger agreement with Elicio on January 17, 2023, and the filing of a Registration Statement on Form S-4 on February 13, 2023, a lawsuit was filed in the United States District Court for the Eastern District of New York on February 17, 2023 by a purported stockholder of Angion in connection with the proposed merger between Angion and Elicio. The lawsuit was captioned Klein v. Angion Biomedica Corp., et al., No. 1:23-cv-01313 (E.D.N.Y.). The Klein complaint named as defendants Angion, and the members of the Angion Board. The Klein complaint alleged claims for violations of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder against all defendants, and violations of Section 20(a) of the Exchange Act against the members of the Angion Board. The plaintiff contended that registration statement on Form S-4 filed on February 13, 2023 omitted or misrepresented material information regarding the proposed merger between Angion and Elicio, rendering the registration statement false and misleading. The Klein complaint sought injunctive and declaratory relief, as well as damages. On February 21, 2023, the plaintiff filed a notice of voluntary dismissal of the Klein lawsuit. Although the plaintiffs voluntarily dismissed this case, litigation of this type is prevalent in mergers involving public companies, and other potential plaintiffs may file lawsuits challenging the Merger.

The outcome of any additional future litigation is uncertain. Such litigation, if not resolved, could prevent or delay completion of the Merger and result in substantial costs to Angion, including any costs associated with the indemnification of directors and officers. One of the conditions to the completion of the Merger is the absence of any lawsuits or order from a governmental entity (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the consummation of the Merger. Therefore, if a plaintiff were successful in obtaining an injunction prohibiting the consummation of the Merger on the agreed-upon terms, then such injunction may prevent the Merger from being completed, or from being completed within the expected timeframe. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is completed may adversely affect our business, financial condition, results of operations and cash flows.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors, described in our Annual Report on Form 10-K for the year ended December 31, 2022, filed on March 17, 2023, as amended on April 28, 2023, as well as the other information in this Quarterly Report on Form 10-Q, before deciding whether to invest in shares of our common stock. As previously disclosed, we have entered into the Merger Agreement with Elicio, and we have discontinued the clinical development of ANG-3070 for all indications and discontinued other development activities pending conclusion of the strategic process, except certain pre-clinical studies of ANG-3777 and certain other pre-clinical development.

Many of the risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2022 are, and will be, exacerbated by any worsening of the global business and economic environment. The occurrence of any of the adverse developments described in our risk factors could materially and adversely harm our business, financial condition, results of operations or prospects. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

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

Use of Proceeds from the Initial Public Offering

On February 9, 2021, we closed our Initial Public Offering of 5,750,000 shares of our common stock at a public offering price of $16.00 per share, which includes the full exercise by the underwriters (Cowen and Company, LLC, Stifel, Nicolaus & Company, Incorporated, H.C. Wainwright & Co., LLC and Oppenheimer & Co. Inc) of their option to purchase an additional 750,000 shares of common stock. All of the shares of common stock issued and sold in our IPO were registered under the Securities Act pursuant to registration statement on Form S-1, as amended (Registration No. 333-252177), which was declared effective by the SEC on February 4, 2021. Aggregate net proceeds to Angion were $85.6 million, after deducting underwriting discounts and commissions of $6.4 million. None of the underwriting discounts and commissions or offering expenses were incurred or paid, directly or indirectly, to any of our directors or officers or their associates or to persons owning 10% or more of our common stock or to any of our affiliates.

Concurrently, we entered into a stock purchase agreement (the “Stock Purchase Agreement”) with Vifor Pharma, pursuant to which we agreed to sell 1,562,500 shares of our common stock to Vifor Pharma at a purchase price of $16.00 per share (the Concurrent Private Placement), equal to the offering price per share in our IPO. All of the shares of common stock issued and sold in our IPO were registered under the Securities Act pursuant to registration statements on Form S-1, as amended (Registration No. 333-252177), which were declared effective by the SEC on February 4, 2021.

The Initial Public Offering and Concurrent Private Placement, which both closed on February 9, 2021, generated aggregate net proceeds of approximately $107.0 million, after deducting the underwriting discounts and commissions, private placement fee and estimated offering expenses of $10.0 million. As of March 31, 2023, we have used approximately $91.9 million of the aggregate net proceeds from our IPO.

There has been no material changes in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC on February 5, 2021 pursuant to Rule 424(b)(4), except that given the clinical trial data on ANG-3777 reported in the fourth quarter of 2021, the termination of the JUNIPER trial and the suspension of certain of our clinical development activities as a result of our 2022 Strategic Realignment, we no longer intend to use the Use of Proceeds for the clinical development of ANG-3777 or ANG-3070, or any of our other product candidates if the Merger occurs. We have used proceeds for the 2022 Strategic Realignment.

Recent Sales of Unregistered Securities

There were no unregistered securities sold in three months ended March 31, 2023.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2.1	Agreement and Plan of Merger and Reorganization, dated January 17, 2023, by and among Angion Biomedica Corp., Arkham Merger Sub, Inc. and Elicio Therapeutics, Inc.	8-K	1/17/2023	2.1	
3.1	Amended and Restated Certificate of Incorporation	8-K	2/09/2021	3.1	
3.2	Amended and Restated Bylaws	8-K	2/09/2021	3.2	
4.1	Reference is made to exhibits 3.1 through 3.2.				
4.2	Form of Common Stock Certificate.	S-1/A	2/01/2021	4.2	
4.3	Form of Warrant to Purchase Common Stock.	S-1	1/15/2021	4.3	
4.4	Registration Rights Agreement, dated as of March 31, 2020, by and among Angion Biomedica Corp. and the investors party thereto.	S-1	1/15/2021	4.6	
10.1	Angion Biomedica Corp. Retention Bonus Plan	S-4	2/13/2023	10.23	
10.2	First Amendment dated February 5, 2023 to License Agreement dated November 15, 2013, by and between Angion Biomedica Corp. and Ohr Cosmetics LLC	10-K	3/17/2023	10.17(a)	
10.3	Surrender Agreement dated March 9, 2023, by and between Angion Biomedica Corp. and Novapark LLC	10-K	3/17/2023	10.18	
10.4	Membership Redemption Interest Agreement dated March 9, 2023, by and between Angion Biomedica Corp. and Novapark LLC	10-K	3/17/2023	10.19	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1^	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2^	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).				X

† Portions of this exhibit have been omitted in accordance with Item 601(b)(10) of Regulation S-K.

^ The certification that accompanies this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is not deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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.

ANGION BIOMEDICA CORP.

By: /s/ JAY R. VENKATESAN, M.D.

Jay R. Venkatesan, M.D.
President and Chief Executive Officer and Director (Principal Executive Officer)

Date: May 10, 2023

ANGION BIOMEDICA CORP.

By: /s/ GREGORY S. CURHAN

Gregory S. Curhan
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 10, 2023

Exhibit 31.1

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

I, Jay R. Venkatesan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Angion Biomedica Corp.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 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.

ANGION BIOMEDICA CORP.

By: /s/ JAY R. VENKATESAN, M.D.

Jay R. Venkatesan, M.D.

President and Chief Executive Officer and Director (Principal Executive Officer)

Date: May 10, 2023

Exhibit 31.2

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

I, Gregory S. Curhan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Angion Biomedica Corp.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 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.

ANGION BIOMEDICA CORP.

By: /s/ Gregory S. Curhan

Gregory S. Curhan
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 10, 2023

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

The undersigned officers of Angion Biomedica Corp. (the Company) certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2023 (the Quarterly Report), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

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

ANGION BIOMEDICA CORP.

By: /s/ JAY R. VENKATESAN, M.D.

Jay R. Venkatesan, M.D.

President and Chief Executive Officer and Director (Principal Executive Officer)

Date: May 10, 2023

Exhibit 32.2

CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

The undersigned officers of Angion Biomedica Corp. (the Company) certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2023 (the Quarterly Report), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

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

ANGION BIOMEDICA CORP.

By: /s/ Gregory S. Curhan

Gregory S. Curhan
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 10, 2023