

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

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 001-36435

Enzon Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

22-2372868

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

20 Commerce Drive (Suite 135), Cranford, New Jersey

(Address of principal executive offices)

07016

(Zip Code)

(732) 980-4500

(Registrant's telephone number, including area code)

Not Applicable

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
None	N/A	N/A

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Shares of Common Stock outstanding as of November 4, 2022: 74,214,603

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 46,852	\$ 47,641
Royalty and milestone receivable	—	28
Other current assets	405	85
Total assets (all current)	<u>\$ 47,257</u>	<u>\$ 47,754</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 331	\$ 331
Accrued expenses and other current liabilities	94	72
Total current liabilities	<u>425</u>	<u>403</u>
Commitments and contingencies		
Mezzanine equity:		
Series C preferred stock - \$0.01 par value, 40,000 shares authorized, issued and outstanding (liquidation value \$1,102 and \$1,062 per share) at September 30, 2022 and December 31, 2021	<u>44,076</u>	<u>42,483</u>
Stockholders' equity:		
Preferred stock - \$0.01 par value, authorized 2,960,000 shares; no shares issued and outstanding at September 30, 2022 and December 31, 2021	—	—
Common stock - \$0.01 par value, authorized 170,000,000 shares; issued and outstanding 74,214,603 shares at September 30, 2022 and December 31, 2021	742	742
Additional paid-in capital	74,390	75,983
Accumulated deficit	<u>(72,376)</u>	<u>(71,857)</u>
Total stockholders' equity	<u>2,756</u>	<u>4,868</u>
Total liabilities, mezzanine equity and stockholders' equity	<u>\$ 47,257</u>	<u>\$ 47,754</u>

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenues:				
Royalties and milestones, net	\$ —	\$ —	\$ —	\$ 672
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>672</u>
Operating expenses:				
General and administrative	221	228	821	910
Total operating expenses	<u>221</u>	<u>228</u>	<u>821</u>	<u>910</u>
Operating loss	(221)	(228)	(821)	(238)
Other income	208	2	300	6
Loss before income tax (expense) benefit	(13)	(226)	(521)	(232)
Income tax (expense) benefit	(2)	—	2	(2)
Net loss	(15)	(226)	(519)	(234)
Dividends on Series C preferred stock	(531)	(506)	(1,593)	(1,518)
Net loss available to common shareholders	<u>\$ (546)</u>	<u>\$ (732)</u>	<u>\$ (2,112)</u>	<u>\$ (1,752)</u>
Loss per common share				
Basic	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Weighted-average number of shares – basic	<u>74,215</u>	<u>74,215</u>	<u>74,215</u>	<u>74,215</u>
Weighted-average number of shares – diluted	<u>74,215</u>	<u>74,215</u>	<u>74,215</u>	<u>74,215</u>

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Mezzanine Equity – Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value	Number of Shares	Par Value			
Balance, December 31, 2020	40	\$ 40,460	74,215	\$ 742	\$ 78,006	\$ (71,388)	\$ 7,360
Net income	—	—	—	—	—	11	11
Preferred stock dividend accumulation	—	506	—	—	(506)	—	(506)
Balance, March 31, 2021	40	40,966	74,215	742	77,500	(71,377)	6,865
Net loss	—	—	—	—	—	(19)	(19)
Preferred stock dividend accumulation	—	506	—	—	(506)	—	(506)
Balance, June 30, 2021	40	41,472	74,215	742	76,994	(71,396)	6,340
Net loss	—	—	—	—	—	(226)	(226)
Preferred stock dividend accumulation	—	506	—	—	(506)	—	(506)
Balance, September 30, 2021	40	\$ 41,978	74,215	\$ 742	\$ 76,488	\$ (71,622)	\$ 5,608

	Mezzanine Equity – Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value	Number of Shares	Par Value			
Balance, December 31, 2021	40	\$ 42,483	74,215	\$ 742	\$ 75,983	\$ (71,857)	\$ 4,868
Net loss	—	—	—	—	—	(291)	(291)
Preferred stock dividend accumulation	—	531	—	—	(531)	—	(531)
Balance, March 31, 2022	40	43,014	74,215	742	75,452	(72,148)	4,046
Net loss	—	—	—	—	—	(213)	(213)
Preferred stock dividend accumulation	—	531	—	—	(531)	—	(531)
Balance, June 30, 2022	40	43,545	74,215	742	74,921	(72,361)	3,302
Net loss	—	—	—	—	—	(15)	(15)
Preferred stock dividend accumulation	—	531	—	—	(531)	—	(531)
Balance, September 30, 2022	40	\$ 44,076	74,215	\$ 742	\$ 74,390	\$ (72,376)	\$ 2,756

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (519)	\$ (234)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities	(270)	(17)
Net cash used in operating activities	<u>(789)</u>	<u>(251)</u>
Net decrease in cash	(789)	(251)
Cash and cash equivalents, beginning of period	47,641	48,142
Cash and cash equivalents, end of period	<u>\$ 46,852</u>	<u>\$ 47,891</u>

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of Business

Enzon Pharmaceuticals, Inc. (together with its subsidiaries, the “Company,” “Enzon,” “we” or “us”) is positioned as a public company acquisition vehicle, where it can become an acquisition platform and more fully utilize its net operating loss carryforwards (“NOLs”) and enhance stockholder value.

In September 2020, the Company initiated a rights offering for its common and preferred stock (see below and Note 12 to our Condensed Consolidated Financial Statements), which closed in October 2020, and it realized \$43.6 million in gross proceeds. This has enabled the Company to embark on its plan to realize the value of its more than \$100 million NOLs by acquiring potentially profitable businesses or assets. To protect the NOLs, in August 2020, the Company’s Board of Directors (the “Board”) adopted a Section 382 rights plan (see Note 11 to our Condensed Consolidated Financial Statements).

The Board and its management are actively involved in pursuing, sourcing, reviewing and evaluating various potential acquisition transactions consistent with its long-term strategy. The Company’s management and Board have made a number of contacts and engaged in discussions with principals of individual companies and financial advisors on behalf of various individual companies, while continuing to evaluate potential transactions. To date, no actionable transactions have been initiated.

Historically, the Company had received royalty revenues from licensing arrangements with other companies primarily related to sales of certain drug products that utilized Enzon’s proprietary technology. In recent years, the Company has had no clinical operations and limited corporate operations. Enzon has a marketing agreement relating to the drug Vicineum, which, if approved, will, potentially, generate milestone and royalty payments to it in the future. Enzon cannot make any assurances that it will earn material future royalties or milestones.

The Company has a marketing agreement with Micromet AG, now part of Amgen, Inc. (the “Micromet Agreement”), pursuant to which the Company may be entitled to a share of certain milestone and royalty payments if Vicineum, a drug being developed by Sesen Bio, Inc. (“Sesen”), is approved for the treatment of non-muscle invasive bladder cancer. In a press release dated February 16, 2021, Sesen announced that the U.S. Food and Drug Administration (the “FDA”) has accepted for filing Sesen’s Biologic License Application (“BLA”) for Vicineum. The FDA further granted Priority Review, with a target Prescription Drug User Fee Act date for a decision on the BLA of August 18, 2021. Accordingly, the Company earned a milestone of \$409,430 in the first quarter of 2021. The amount of \$344,638 was received during that quarter and the balance of \$64,792 was recorded as a receivable as of March 31, 2021. However, on August 13, 2021, Sesen announced that it had received a Complete Response Letter from the FDA and that the FDA had determined that it cannot approve the BLA for Vicineum in its present form and had provided recommendations specific to additional clinical/statistical data and analyses in addition to Chemistry, Manufacturing and Controls issues pertaining to a recent preapproval inspection and product quality. In its public filings, Sesen stated that it made the strategic decision to voluntarily pause further development of Vicineum in the United States. Sesen also stated that the decision was based on a thorough reassessment of Vicineum following recent discussions with the FDA, which had implications on the size, timeline and costs of an additional Phase 3 clinical trial, which the FDA previously confirmed would be required for a potential resubmission of a BLA for Vicineum. Sesen further stated that it continued to believe Vicineum has benefits for patients and healthcare providers that can be maximized through a company with a larger infrastructure, and as such, intended to seek a partner that could execute further development to realize the full potential of Vicineum. As a result of this decision, Sesen stated that it turned its primary focus to the careful assessment of potential strategic alternatives. On September 21, 2022, Sesen announced that it had entered into a definitive merger agreement with Carisma Therapeutics Inc. (“Carisma”) and that the combined company will focus on the advancement of Carisma’s proprietary cell therapy for the treatment of cancer and other disorders. Sesen also stated that it intends to seek a partner for the further development of Vicineum.

In a filing with the SEC in March 2021, Sesen noted that it had received notice from the European Medicines Agency that its Marketing Authorization Application for Vicineum was found to be valid and the review procedure had officially started. Accordingly, the Company earned and received an additional milestone of \$292,284 in the second quarter of 2021. Subsequently, on August 25, 2021, Sesen announced that it had withdrawn its application to market Vicineum in Europe.

Due to the challenges associated with developing and obtaining approval for drug products, and the lack of involvement by the Company in the development and approval process, there is substantial uncertainty as to whether the Company will receive additional milestone or any royalty payments under the Micromet Agreement. The Company will not recognize revenue until all revenue recognition requirements are met.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of Business (continued)

In September 2020, the Board approved a Rights Offering (the “Rights Offering”), by which the Company distributed, at no charge to all holders of its common stock on September 23, 2020 (the “Record Date”), transferable subscription rights to purchase units (“Units”) at a subscription price per Unit of \$1,090. In the Rights Offering, each stockholder on the Record Date received one subscription right for every share of common stock owned on the Record Date. For every 1,105 subscription rights held, a stockholder was entitled to purchase one Unit at the subscription price. Each Unit consisted of one share of newly designated Series C Preferred Stock, par value \$0.01 per share, and 750 shares of the Company’s common stock. The subscription period for the Rights Offering ended on October 9, 2020.

As a result of the sale of all 40,000 Units available for purchase in the Rights Offering, the Company received approximately \$43.6 million of gross proceeds and had 40,000 shares of Series C Preferred Stock outstanding and an aggregate of 74,214,603 shares of common stock outstanding following the Rights Offering. (See Note 12 to the Consolidated Financial Statements.)

On an annual basis, the Board may, at its sole discretion, cause a dividend with respect to the Series C Preferred Stock to be paid in cash to the holders in an amount equal to 3% of the liquidation preference as in effect at such time (initially \$1,000 per share). If the dividend is not so paid in cash, the liquidation preference is adjusted and increased annually by an amount equal to 5% of the liquidation preference per share as in effect at such time, that is not paid in cash to the holders on such date. The Board did not declare a dividend as of December 31, 2021 or 2020. At September 30, 2022 and December 31, 2021, the liquidation value of the Series C Preferred Stock was \$1,102 and \$1,062 per share, respectively. Beginning November 1, 2022, the Company may repurchase or redeem the Series C Preferred Stock. (See Note 13 to the Condensed Consolidated Financial Statements.)

The Company maintains its principal executive offices at 20 Commerce Drive, Suite 135, Cranford, New Jersey 07016 through a service agreement with Regus Management Group, LLC.

(2) Basis of Presentation

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared from the books and records of the Company in accordance with United States generally accepted accounting principles (U.S. GAAP) for interim financial information and Rule 10-01 of Regulation S-X promulgated by the SEC. Accordingly, these financial statements do not include all of the information and footnotes required for complete annual financial statements. Interim results are not necessarily indicative of the results that may be expected for the full year. Interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated as part of the consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include legal and contractual contingencies and income taxes. Although management bases its estimates on historical experience, relevant current information and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ from these estimates.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(2) Basis of Presentation (continued)

Revenue Recognition

Royalty revenues from the Company's agreements with third parties are recognized when the Company can reasonably determine the amounts earned. In most cases, this will be upon notification from the third-party licensee, which is typically during the quarter following the quarter in which the sales occurred. The Company does not participate in the selling or marketing of products for which it receives royalties. No provision for uncollectible accounts is established upon recognition of revenues.

Contingent payments due under the asset purchase agreement for the sale of the Company's former specialty pharmaceutical business are recognized as revenue when the milestone has been achieved and collection is assured, such payments are non-refundable and no further effort is required on the part of the Company or the other party to complete the earning process.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized. The effect of a change in tax rates or laws on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date of the rate change. A valuation allowance is established to reduce the deferred tax assets to the amounts that are more likely than not to be realized from operations.

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions. Interest and penalties, if any, related to unrecognized tax benefits, would be recognized as income tax expense.

(3) Recent Accounting Pronouncements

Recent Accounting Standards Updates issued by the Financial Accounting Standards Board and guidance issued by the SEC did not, or are not believed by management to, have a material effect on the Company's present or future Condensed Consolidated Financial Statements.

(4) Financial Instruments and Fair Value

The carrying values of cash and cash equivalents, royalty receivable, other current assets, accounts payable, accrued expenses and other current liabilities in the Company's condensed consolidated balance sheets approximated their fair values at September 30, 2022 and December 31, 2021 due to their short-term nature. As of December 31, 2021, the Company held cash equivalents aggregating approximately \$43.7 million. There were no cash equivalents at September 30, 2022.

(5) Supplemental Cash Flow Information

The Company made an income tax payment during the nine-month period ended September 30, 2022 of approximately \$1,000 and no income tax payments during the nine-month period ended September 30, 2021. There were no interest payments made during the nine-month periods ended September 30, 2022 or 2021.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(6) Income (Loss) Per Common Share

Basic income (loss) per common share is computed by dividing the net income (loss), less any dividends, accretion or reduction or redemption on our Series C Preferred Stock, by the weighted average number of shares of common stock outstanding during the period. Restricted stock awards and restricted stock units (collectively, “nonvested shares”) are not considered to be outstanding shares until the service or performance vesting period has been completed.

For purposes of calculating diluted earnings per common share, the denominator normally includes both the weighted-average number of shares of common stock outstanding and the number of common stock equivalents if the inclusion of such common stock equivalents is dilutive. Because a loss was incurred in each of the three and nine-month periods ended September 30, 2022 and 2021, common stock equivalents would be anti-dilutive and, accordingly, were excluded from the calculation of diluted loss per share in each of the periods. Dilutive common stock equivalents potentially include stock options and nonvested shares using the treasury stock method and shares issuable under the employee stock purchase plan. During each of the three and nine-month periods ended September 30, 2022 and 2021, there were no common stock equivalents. Loss per common share information is as follows (in thousands, except per share amounts) for the three months and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Loss Per Common Share – Basic and Diluted:				
Net loss	\$ (15)	\$ (226)	\$ (519)	\$ (234)
Dividends on Series C preferred stock	(531)	(506)	(1,593)	(1,518)
Net loss available to common shareholders	<u>\$ (546)</u>	<u>\$ (732)</u>	<u>\$ (2,112)</u>	<u>\$ (1,752)</u>
Weighted-average number of common shares outstanding	<u>74,215</u>	<u>74,215</u>	<u>74,215</u>	<u>74,215</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>

At September 30, 2021, options to purchase 25,000 shares of common stock were outstanding that have been excluded from the calculation of diluted weighted-average number of shares outstanding, as they would be anti-dilutive, since the respective options’ strike price was greater than the market price of the respective shares. There were no outstanding options at September 30, 2022.

(7) Stock Based Compensation

Stock Options and Restricted Stock Units (RSUs or Nonvested Shares)

During the nine-month periods ended September 30, 2022 and 2021, no options or RSUs were granted and the Company incurred no stock-based compensation expense.

Activity related to stock options and nonvested shares during the nine months ended September 30, 2022 and related balances outstanding as of that date are reflected below :

	<u>Stock Options</u>
Outstanding at January 1, 2022	25,000
Granted	—
Exercised and vested	—
Expired and forfeited	(25,000)
Outstanding at September 30, 2022	<u>—</u>
Options vested and expected to vest at September 30, 2022	<u>—</u>
Options exercisable at September 30, 2022	<u>—</u>

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(8) Income Taxes

During the nine-month periods ended September 30, 2022 and 2021, the Company recorded approximately \$2,000 and (\$2,000), respectively, of income tax benefit (expense) for New Jersey state income tax and a true-up adjustment for the over accrual of New Jersey tax in prior years.

ASC 740 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. For the period ended December 31, 2021, the Company believed that it was more likely than not that future taxable income would not exist to utilize some or all of its deferred tax assets. However, although there can be no certainty of such, if the Company's acquisition strategy is successful and future taxable income is projected, among other things, the valuation allowance will be reevaluated. Accordingly, it recorded a valuation allowance in the amount of its total deferred tax assets for the period ended December 31, 2021. In 2022, the Company projects a taxable loss before utilization of NOLs. Due to the valuation allowance placed on its deferred tax assets, the deferred tax expense resulting from the usage and/or expiration of deferred tax assets was offset by a corresponding deferred tax benefit from a reduction in valuation allowance, and the Company recorded no deferred tax expense as of September 30, 2022. The Company intends to acquire profitable businesses, entities or revenue streams that will generate sufficient income so that it can utilize its approximately \$104 million of NOLs. To date, no actionable acquisition candidates have been identified and, while the Company expects that, ultimately, it will be successful in realizing the value of its NOLs, the Company cannot provide assurance that it will be able to do so.

Management of the Company will continue to assess the need for this valuation allowance and will make adjustments when or if appropriate.

At September 30, 2022, the Company had federal NOLs of approximately \$104 million, of which approximately \$100.6 million will expire in the years 2025 through 2036, and New Jersey state NOLs of approximately \$26.5 million that expire in the years 2031 through 2042. Under the Tax Cuts and Jobs Act, federal net operating losses generated in tax years beginning after December 31, 2017 have an unlimited carryforward period, and the amount of net operating loss allowed to be utilized each year is limited to 80% of taxable income.

At September 30, 2022, the Company has federal research and development ("R&D") tax credit carryforwards of approximately \$12.8 million that expire in the years 2023 through 2029. These deferred tax assets were subject to a valuation allowance such that the deferred tax expense incurred as a result of the expiration of the R&D credit carryforwards was offset by a corresponding deferred tax benefit for the related reduction in valuation allowance.

The Company's ability to use the NOLs and R&D tax credit carryforwards may be limited, as they are subject to certain limitations due to ownership changes as defined by rules pursuant to Section 382 of the Internal Revenue Code of 1986, as amended. However, management of the Company believes that the Company's NOLs will not be limited by any changes in the Company's ownership as a result of the successful completion of the Rights Offering. (See Note 12 to the Condensed Consolidated Financial Statements.) Additionally, in an effort to protect stockholder value by attempting to protect against a possible limitation on the Company's ability to use its NOLs, the Board adopted a Section 382 rights plan. (See Note 11 to the Condensed Consolidated Financial Statements.)

The Company has not recorded a liability for unrecognized income tax benefits.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(9) Commitments and Contingent Liabilities

The COVID-19 global pandemic has had and may continue to have a serious adverse impact on the global economy and may adversely affect the Company's business operations. It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic, as the situation is continually evolving and different variants and sub-variants of COVID-19 continue to emerge. The COVID-19 pandemic may continue to disrupt the global supply chain and may cause disruptions to the Company's operations, financial condition and prospects. At the present time, the Company's business activities have been largely unaffected by COVID-19 restrictions as the Company's workforce is comprised solely of independent contractors who are able to perform their duties remotely. However, COVID-19, including the various containment measures put into place across the globe, may impact the third parties who are responsible for obtaining final approval of and manufacturing product candidates for which the Company shares the right to receive licensing fees, milestone payments and royalty revenues. If those third parties are required to curtail their business activities for a significant time, or if global supply chain disruptions impact their ability to procure needed resources, raw materials or components, the Company's right to receive licensing fees, milestone payments or royalties could be materially and adversely affected. Additionally, the development timeline for product candidates being developed by third parties that are pending before the FDA or other regulatory approval could be delayed if the agency is required to shift resources to the review and approval of candidates for treatment of COVID-19. In addition, the effects of the COVID-19 pandemic may negatively impact the Company's search for a target company, as well as the business and/or results of operations of any target business that the Company acquires or in which the Company invests.

On April 25, 2022, the Company entered into an Indemnification Agreement with each of Richard L. Feinstein, its Chief Executive/Chief Financial Officer and Randolph Read, a director, and, subsequent to his election as a director, with Jaffrey (Jay) A. Firestone (collectively, the "Indemnitees"). The Indemnification Agreements clarify and supplement indemnification provisions already contained in the Company's Bylaws and generally provide that the Company shall indemnify the Indemnitees to the fullest extent permitted by applicable law, subject to certain limitations and exceptions, against expenses, judgments, fines and other amounts actually and reasonably incurred in connection with their service as a director or officer and also provide for rights to advancement of expenses and contribution.

The Company has been involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's consolidated financial position, results of operations, or liquidity.

(10) Accounts Payable

Prior to 2017, the Company's primary source of royalty revenues was derived from sales of PegIntron, which is marketed by Merck & Co., Inc. ("Merck"). At December 31, 2021, the Company recorded a liability to Merck of approximately \$331,000, based primarily on Merck's assertions regarding recoupments related to prior returns and rebates. Merck has not yet reported royalty revenues earned by us for product sales and/or recoupments for returns and rebates for the quarter ended September 30, 2022. The Company believes that it will receive no significant additional royalties from Merck. Accordingly, at September 30, 2022, the Company recorded a net payable to Merck of approximately \$331,000 due to such royalty overpayment claims by Merck.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(11) Section 382 Rights Plan

On August 14, 2020, in an effort to protect stockholder value by attempting to protect against a possible limitation on the Company's ability to use its NOLs, the Company's Board of Directors adopted a Section 382 rights plan and declared a dividend distribution of one right for each outstanding share of the Company's common stock to stockholders of record at the close of business on August 24, 2020. Accordingly, holders of the Company's common stock own one preferred stock purchase right for each share of common stock owned by such holder. The rights are not immediately exercisable and will become exercisable only upon the occurrence of certain events as set forth in the Section 382 rights plan. If the rights become exercisable, each right would initially represent the right to purchase from the Company one one-thousandth of a share of the Company's Series A-1 Junior Participating Preferred Stock, par value \$0.01 per share, for a purchase price of \$1.20 per right. If issued, each fractional share of Series A-1 Junior Participating Preferred Stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of the Company's common stock. However, prior to exercise, a right does not give its holder any rights as a stockholder of the Company, including any dividend, voting or liquidation rights. The rights will expire on the earliest of (i) the close of business on June 2, 2024 (unless that date is advanced or extended by the Board), (ii) the time at which the rights are redeemed or exchanged under the Section 382 rights plan, (iii) the close of business on the day of repeal of Section 382 of the Internal Revenue Code or any successor statute or (iv) the close of business on the first day of a taxable year of the Company to which the Company's Board of Directors determines that no NOLs may be carried forward. The Company received stockholder ratification of the Section 382 rights plan at the Company's 2021 annual meeting on June 2, 2021.

(12) Rights Offering

In September 2020, the Company's Board of Directors approved the Rights Offering, by which the Company distributed, at no charge to all holders of its common stock on the Record Date, transferable subscription rights to purchase Units at a subscription price per Unit of \$1,090. In the Rights Offering, each stockholder on the Record Date received one subscription right for every share of common stock owned on the Record Date. For every 1,105 subscription rights held, a stockholder was entitled to purchase one Unit at the subscription price. Each Unit consisted of one share of newly designated Series C Preferred Stock, par value \$0.01 per share, and 750 shares of the Company's common stock. The subscription period for the Rights Offering ended on October 9, 2020.

As a result of the sale of all 40,000 Units available for purchase in the Rights Offering, the Company received approximately \$43.6 million of gross proceeds and had 40,000 shares of Series C Preferred Stock outstanding and an aggregate of 74,214,603 shares of common stock outstanding following the Rights Offering.

Pursuant to the Rights Offering, Icahn Capital LP, together with its affiliates, subscribed for 5,971 Units (its pro-rata share of the Rights Offering) representing the purchase of 4,478,250 shares of the Company's common stock and 5,971 shares of Series C Preferred Stock. Icahn Capital LP also purchased all Units that remained unsubscribed for at the expiration of the Rights Offering to the extent that other holders elected not to exercise all of their respective subscription rights, which totaled 33,306 Units representing the purchase of 24,979,500 shares of common stock and 33,306 shares of Series C Preferred Stock. Following the completion of the Rights Offering, Icahn Capital LP, together with its affiliates, owned approximately 48% of the Company's outstanding common stock and approximately 98% of the Company's outstanding Series C Preferred Stock.

(13) Series C Preferred Stock

In October 2020, the Company issued 40,000 shares of Series C Preferred Stock for an aggregate purchase price of \$40.0 million.

On December 31st of each year, the Company's Board of Directors may, at its sole discretion, cause a dividend with respect to the Series C Preferred Stock to be paid in cash to the holders in an amount equal to 3% of the liquidation preference as in effect at such time (initially \$1,000 per share). If the dividend is not so paid in cash, the liquidation preference will be adjusted and increased annually by an amount equal to 5% of the liquidation preference per share as in effect at such time, that is not paid in cash to the holders on such date. The Company's Board of Directors did not declare a dividend as of December 31, 2020 or subsequently. Accordingly, dividends on the Series C Preferred Stock were accrued at 5% at December 31, 2020 and 2021, aggregating approximately \$2,023,000. Accordingly, as of December 31, 2021, the cumulative liquidation value of the Series C Preferred Stock was approximately \$42,483,000 (\$1,062 per share).

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(13) Series C Preferred Stock (continued)

As of December 31, 2021 and September 30, 2022, pursuant to the terms of the Series C Preferred Stock, the Company's Board of Directors had not declared a cash dividend on the Series C Preferred Stock as dividends on such stock are only declared and paid once a year on or about December 31st of each year. As of September 30, 2022, the Board had not yet determined whether to declare a cash dividend at the end of 2022. Since a determination has not been made, in the quarter ended September 30, 2022, the Company has recorded a 5% increase (computed on a pro rata basis) to the liquidation preference of approximately \$14 per share of Series C Preferred Stock, aggregating approximately \$531,000 (for the nine months ended September 30, 2022, the Company recorded an aggregate of approximately \$1,593,000 or \$40 per share to the liquidation preference), for a cumulative liquidation value of approximately \$44,076,000 (\$1,102 per share) as of September 30, 2022. Unless and until an amount in cash is paid to the holders of the Series C Preferred Stock in an amount equal to the difference between the initial liquidation value (\$1,000 per share) and the then-current liquidation value, no dividends may be paid to holders of the Company's common stock.

Beginning November 1, 2022, the Company may repurchase or redeem the Series C Preferred Stock. Since the redemption of the Series C Preferred Stock is optionally redeemable, the Series C Preferred Stock has been classified in mezzanine equity on the Condensed Consolidated Balance Sheets.

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

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Enzon," the "Company," "we," "us," or "our" and similar terms mean Enzon Pharmaceuticals, Inc. and its subsidiaries. The following discussion of our financial condition and results of operations should be read together with our consolidated financial statements and notes to those statements included elsewhere in this Quarterly Report on Form 10-Q and our 2021 Annual Report on Form 10-K.

Forward-Looking Information and Factors That May Affect Future Results

The following discussion contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in the following discussion, other than statements that are purely historical, are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "potential," "anticipates," "plans," or "intends" or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy. Forward-looking statements are based upon management's present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future and are subject to known and unknown risks and uncertainties that could cause actual results, events or developments to be materially different from those indicated in such forward-looking statements, including the risks and uncertainties set forth in Item 1A. Risk Factors in our 2021 Annual Report on Form 10-K. These risks and uncertainties should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. As such, no assurance can be given that the future results covered by the forward-looking statements will be achieved.

The percentage changes throughout the following discussion are based on amounts stated in thousands of dollars and not the rounded millions of dollars reflected in this section.

Overview

Enzon Pharmaceuticals, Inc. (together with its subsidiaries, the "Company," "Enzon," "we" or "us") is positioned as a public company acquisition vehicle, where it can become an acquisition platform and more fully utilize its net operating loss carryforwards ("NOLs") and enhance stockholder value.

In September 2020, we initiated the Rights Offering for our common and preferred stock (see below and Note 12 to our Condensed Consolidated Financial Statements), which closed in October 2020, and we realized \$43.6 million in gross proceeds. This has enabled us to embark on our plan to realize the value of our more than \$100 million NOLs by acquiring potentially profitable businesses or assets. To protect the NOLs, in August 2020, our Board of Directors adopted a Section 382 rights plan (see Note 11 to our Condensed Consolidated Financial Statements).

Historically, we had received royalty revenues from licensing arrangements with other companies primarily related to sales of certain drug products that utilized Enzon's proprietary technology. In recent years, we have had no clinical operations and limited corporate operations. We cannot assure you that we will earn material future royalties or milestones.

We have a marketing agreement with Micromet AG, now part of Amgen, Inc. (the "Micromet Agreement"), pursuant to which we may be entitled to certain milestone and royalty payments if Vicineum, a drug being developed by Sesen, Inc., is approved for the treatment of non-muscle invasive bladder cancer. In a press release dated February 16, 2021, Sesen announced that the U.S. Food and Drug Administration (the "FDA") had accepted for filing Sesen's Biologic License Application ("BLA") for Vicineum. The FDA further granted Priority Review, with a target Prescription Drug User Fee Act date for a decision on the BLA of August 18, 2021. Accordingly, we earned a milestone of \$409,430 in the first quarter of 2021, all of which was received by June 30, 2021. However, on August 13, 2021, Sesen announced that it had received a Complete Response Letter from the FDA and that the FDA had determined that it cannot approve the BLA for Vicineum in its present form and had provided recommendations specific to additional clinical/statistical data and analyses in addition to Chemistry, Manufacturing and Controls issues pertaining to a recent preapproval inspection and product quality. In its public filings, Sesen stated that it made the strategic decision to voluntarily pause further development of Vicineum in the United States. Sesen also stated that the decision was based on a thorough reassessment of Vicineum following recent discussions with the FDA, which had implications on the size, timeline and costs of an additional Phase 3 clinical trial, which the FDA previously confirmed would be required for a potential resubmission of a BLA for Vicineum. Sesen further stated that it continued to believe Vicineum has benefits for patients and healthcare providers that can be maximized through a company with a larger infrastructure, and as such, intended to seek a partner that could execute further development to realize the full potential of Vicineum. As a result of this decision, Sesen stated that it turned its primary focus to the careful assessment of potential strategic alternatives. On September 21, 2022, Sesen announced that it had entered into a definitive merger agreement with Carisma Therapeutics Inc. ("Carisma") and that the combined

company will focus on the advancement of Carisma’s proprietary cell therapy for the treatment of cancer and other disorders. Sesen also stated that it intends to seek a partner for the further development of Vicineum.

In a filing with the SEC in March 2021, Sesen noted that it had received notice from the European Medicines Agency that its Marketing Authorization Application for Vicineum was found to be valid and the review procedure had officially started. Accordingly, we earned and received an additional milestone of \$292,284 in the second quarter of 2021. Subsequently, on August 25, 2021, Sesen announced that it had withdrawn its application to market Vicineum in Europe.

Due to the challenges associated with developing and obtaining approval for drug products, and the lack of our involvement in the development and approval process, there is substantial uncertainty as to whether we will receive any milestone or royalty payments under the Micromet Agreement. We will not recognize revenue until all revenue recognition requirements are met.

Acquisition Activities

Our Board of Directors and our management are actively involved in pursuing, sourcing, reviewing and evaluating various potential acquisition transactions consistent with our long-term strategy. Our management and Board of Directors have made a number of contacts and engaged in discussions with principals of individual companies and financial advisors on behalf of various individual companies, while continuing to evaluate potential transactions. To date, we have not developed any actionable transactions. We will continue to update our stockholders as material developments arise.

Throughout this Management’s Discussion and Analysis, the primary focus is on our results of operations, cash flows and financial condition. The percentage changes throughout the following discussion are based on amounts stated in thousands of dollars.

Results of Operations

In the three-month and nine-month periods ended September 30, 2021, we earned approximately \$0 and \$672,000, respectively, in milestone revenue from Sesen. There were no comparable revenues in the three-month and nine-month periods ended September 30, 2022. Separately, in the three-month and nine-month periods ended September 30, 2021, we were notified by Merck of an approximate \$0 and \$29,000 repayment, respectively, they believe they are owed of previously-paid royalties on PegIntron. Sales of PegIntron-related products in the area in which our patents have not expired are *de minimis* and we expect to earn little or no future royalties from Merck. Our right to receive royalties on U.S. and European sales of PegIntron expired in 2016 and 2018, respectively, expired in Malaysia in 2020 and in Japan in December 2021. Such rights will expire in Chile in April 2024.

Merck has not yet reported royalty revenues earned by us for product sales and/or recoupments for returns and rebates for the quarter ended September 30, 2022, but neither is expected to be material.

Other Income (in thousands of dollars):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	% Change	2021	2022	% Change	2021
	Other income	\$ 208	10,300 %	\$ 2	\$ 300	4,900 %

Other income is attributable to the interest and dividends received on the invested cash we received from the \$43.6 million of proceeds from our rights offering (see Note 12 to our Condensed Consolidated Financial Statements). Other income increased by approximately \$294,000, or 4,900%, to \$300,000 for the nine months ended September 30, 2022 from \$6,000 for the first nine months of 2021. The increase in other income is attributable to the higher rate of interest in 2022 and the nature of the account in which the proceeds were invested.

Other income increased by approximately \$206,000, or 10,300%, to \$208,000 for the three months ended September 30, 2022 from \$2,000 for the three months ended September 30, 2021. The increase in other income is attributable to the higher rate of interest in 2022 and the nature of the account in which the proceeds were invested.

Operating Expenses:

General and Administrative (in thousands of dollars):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	% Change	2021	2022	% Change	2021
General and administrative	\$ 221	(3)%	\$ 228	\$ 821	(10)%	\$ 910

General and administrative expenses decreased by approximately \$89,000, or 10%, to \$821,000 for the nine months ended September 30, 2022 from \$910,000 for the first nine months of 2021. The decrease in expense is substantially attributable to the decrease in consulting fees.

General and administrative expenses decreased by approximately \$7,000, or 3%, to \$221,000 for the three months ended September 30, 2022 from \$228,000 for the third quarter of 2021. The decrease in expense is substantially attributable to the decrease in consulting and accounting fees, as partially offset by an increase in legal and contracted services fees.

Tax Expense:

We incurred a tax (benefit) expense of approximately (\$2,000) in the first nine months of 2022 and \$2,000 in the first nine months of 2021 for the New Jersey state minimum taxes and a true-up adjustment for the over accrual of the New Jersey tax in prior years.

Liquidity and Capital Resources

Our current source of liquidity is our existing cash on hand, which includes the approximately \$43.6 million of gross proceeds from our Rights Offering. (See Note 12 to the Condensed Consolidated Financial Statements.) While we no longer have any research and development activities, we continue to retain rights to receive royalties and milestone payments from existing licensing arrangements with other companies. We may become entitled to additional milestone payments as a result of regulatory filings in the United States and Europe in connection with Vicineum. We may share in royalty payments upon the approval and sale of Vicineum, However, Sesen has announced that it has paused development of Vicineum in the U.S. and any such milestone or royalty payments are unlikely in the near future. We believe that our existing cash on hand will be sufficient to fund our operations, at least, through November 2023. Our future royalty revenues may be *de minimis* over the next several years unless and until we receive a share of milestone and royalty payments resulting from the approval and sale of Vicineum, and we cannot assure you that we will receive any royalty, milestone or other payments or revenues.

While we are positioned as a public company acquisition vehicle, where we can become an acquisition platform and more fully utilize our NOLs and enhance stockholder value, we cannot assure you that we will succeed in making acquisitions that are profitable and that will enable us to utilize our NOLs.

Cash used in operating activities represents a net loss, as adjusted for certain non-cash items including the effect of changes in operating assets and liabilities. Cash used in operating activities during the nine months ended September 30, 2022 was approximately \$789,000, as compared to cash used in operating activities of approximately \$251,000 during the comparable period in 2021. This net increase of approximately \$538,000 was primarily attributable to the increase in net loss of approximately \$285,000 and a net increase of approximately \$253,000 in cash used in changes in operating assets and liabilities that was primarily attributable to an increase in prepaid insurance of approximately \$333,000 during the nine months ended September 30, 2022.

The net effect of the foregoing was a decrease of cash and cash equivalents of approximately \$789,000, from \$47.6 million at December 31, 2021 to \$46.9 million at September 30, 2022.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities (SPEs), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually limited purposes. As of September 30, 2022, we were not involved in any SPE transactions.

Critical Accounting Policies and Estimates

A critical accounting policy is one that is both important to the portrayal of a company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our consolidated financial statements are presented in accordance with accounting principles that are generally accepted in the United States ("U.S. GAAP"). All applicable U.S. GAAP accounting standards effective as of September 30, 2022 have been taken into consideration in preparing the consolidated financial statements. The preparation of the consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Some of those estimates are subjective and complex, and, consequently, actual results could differ from those estimates. The following accounting policies and estimates have been highlighted as significant because changes to certain judgments and assumptions inherent in these policies could affect our consolidated financial statements.

We base our estimates, to the extent possible, on historical experience. Historical information is modified as appropriate based on current business factors and various assumptions that we believe are necessary to form a basis for making judgments about the carrying value of assets and liabilities. We evaluate our estimates on an ongoing basis and make changes when necessary. Actual results could differ from our estimates.

Revenues

Royalties under our license agreements with third-parties and pursuant to the sale of our former specialty pharmaceutical business are recognized when reasonably determinable and earned through the sale of the product by the third-party and collection is reasonably assured. Notification from the third-party licensee of the royalties earned under the license agreement is the basis for royalty revenue recognition. This information generally is received from the licensees in the quarter subsequent to the period in which the sales occur.

Contingent payments due under the asset purchase agreement for the sale of our former specialty pharmaceutical business are recognized as revenue when the milestone has been achieved, collection is assured, such payments are non-refundable and no further effort is required on the part of the Company or the other party to complete the earning process.

Income Taxes

Under the asset and liability method of accounting for income taxes, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance on net deferred tax assets is provided for when it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of September 30, 2022, we believe, based on our projections, that it is more likely than not that our net deferred tax assets, including our net operating losses from operating activities, will not be realized. We are positioned as a public company acquisition vehicle, where we can become an acquisition platform and more fully utilize our NOLs. We intend to acquire profitable businesses, entities or revenue streams that will generate sufficient income so that we can utilize our approximately \$104 million NOLs. At this time, however, we cannot assure you that we will be successful in doing so. Accordingly, our management will continue to assess the need for this valuation allowance and will make adjustments when appropriate. Additionally, our management believes that our NOLs will not be limited by any changes in our ownership as a result of the successful completion of the Rights Offering (See Note 12 to the Condensed Consolidated Financial Statements).

Forward-Looking Information and Factors That May Affect Future Results

This Quarterly Report on Form 10-Q contains forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in the Quarterly Report on Form 10-Q, other than statements that are purely historical, are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “believes,” “expects,” “may,” “will,” “should,” “potential,” “anticipates,” “plans” or “intends” or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy. Forward-looking statements are based upon management’s present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future and are subject to known and unknown risks and uncertainties that could cause actual results, events or developments to be materially different from those indicated in such forward-looking statements, including, but not limited to, the following risks and uncertainties:

- We may be unsuccessful in our strategy to fully utilize our NOLs and other tax assets and enhance stockholder value as a public company acquisition vehicle.
- Our sources of revenue are limited and we may incur losses for the foreseeable future.
- In recent years, we derived most of our royalty revenues from continued sales of PegIntron, which have been in sharp decline. In addition, our right to receive royalties on U.S. and European sales of PegIntron expired in 2016 and 2018, respectively, which has negatively impacted our royalty revenues.
- Our rights to receive royalties on sales of PegIntron and sales of other drug products have expired in various jurisdictions and, except for Vicineum (the development of which has been discontinued by Sesen), will, by 2024, expire world-wide. We currently do not anticipate any significant royalties from other sources, but we may acquire new sources of royalty revenues.
- The unprecedented actions taken globally to control the spread of COVID 19 and its related variants, as well as the uncertainty surrounding the success of global vaccination efforts, may materially and adversely affect our future right to receive licensing fees, milestone payments and royalties on product candidates that are being developed by third parties.
- We have reallocated all employment responsibilities and outsourced all corporate functions, which makes us more dependent on third parties to perform these corporate functions.
- We may be subject to a variety of types of product liability or other claims based on allegations that the use of our product candidates by participants in our previously conducted clinical trials has resulted in adverse effects, and our insurance may not cover all product liability or other claims.
- Our revenues largely depend on proprietary rights, which may offer only limited protection against the development of competing products.
- We are party to license agreements whereby we may receive royalties and or milestone payments from products subject to regulatory approval.
- The price of our common stock has been, and may continue to be, volatile.
- Our common stock is quoted on the OTCQX market of the OTC Markets Group, Inc., which has a very limited trading market and, therefore, market liquidity for our common stock is low and our stockholders’ ability to sell their shares of our common stock may be limited.
- The declaration of dividends is within the discretion of our Board of Directors, subject to any applicable limitations under Delaware corporate law, as well as the requirements of the Series C Preferred Stock. Our ability to pay dividends in the future depends on, among other things, our fulfillment of the conditions of the Series C Preferred Stock, fluctuating royalty revenues, our ability to acquire other revenue sources and our ability to manage expenses, including costs relating to our ongoing operations.

- We have adopted a Section 382 rights plan, which may discourage a corporate takeover.
- Anti-takeover provisions in our charter documents and under Delaware corporate law may make it more difficult to acquire us, even though such acquisitions may be beneficial to our stockholders.
- The terms of our outstanding Series C Preferred Stock and the issuance of additional series of preferred stock may adversely affect rights of our common stockholders.
- The interests of our significant stockholders may conflict with the interests of other stockholders.
- If we experience an “ownership change,” as defined in Section 382 of the Internal Revenue Code of 1986, as amended, our ability to fully utilize our NOLs on an annual basis will be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of those benefits.
- If we experience a “Change of Control,” as defined in Certificate of Designation of the Series C Preferred Stock, the holders of the Series C Preferred Stock shall have the right, at such holder’s option, to require the Company to redeem at the Liquidation Preference then in effect all or a portion of such holder’s shares of Series C Preferred Stock, which would negatively impact our available cash.

A more detailed discussion of these risks and uncertainties and other factors that could affect results is contained in our filings with the SEC, including in Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021. These risks and uncertainties and other factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. As such, no assurance can be given that the future results covered by the forward-looking statements will be achieved. All information in this Quarterly Report on Form 10-Q is as of the date of this report, unless otherwise indicated, and we undertake no duty to update this information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide information required by this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, consisting of Richard L. Feinstein who serves as our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of September 30, 2022. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2022, the Company’s disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1A. Risk Factors.

There are no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on February 25, 2022.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1A. Risk Factors.

There are no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on February 25, 2022.

Item 5. Other Information.

Item 6. Exhibits.

(a) Exhibits required by Item 601 of Regulation S-K.

Exhibit Number	Description	Reference No.
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	+
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	+
101	The following materials from Enzon Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in inline XBRL (inline Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Mezzanine Equity and Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.	+

+ Filed herewith.

- These certifications are not deemed filed by the Commission and are not to be incorporated by reference in any filing the Company makes under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.

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.

ENZON PHARMACEUTICALS, INC.

(Registrant)

Dated: November 9, 2022

/s/ Richard L. Feinstein

Richard L. Feinstein

Chief Executive Officer, Chief Financial Officer and Secretary

Chief Executive Officer, Chief Financial Officer and Secretary

(Principal Executive Officer and Principal Financial Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Richard L. Feinstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Enzon Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. As the registrant's sole certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on my 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.

November 9, 2022

/s/ Richard L. Feinstein

Richard L. Feinstein

Chief Executive Officer, Chief Financial Officer and Secretary
(Principal Executive Officer and Principal Financial Officer)

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

In connection with the Quarterly Report of Enzon Pharmaceuticals, Inc. (the Company) on Form 10-Q for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Richard L. Feinstein, Chief Executive Officer, Chief Financial Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

November 9, 2022

/s/ Richard L. Feinstein

Richard L. Feinstein

Chief Executive Officer, Chief Financial Officer and Secretary
(Principal Executive Officer and Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Enzon Pharmaceuticals, Inc. and will be furnished to the Securities Exchange Commission or its staff upon request.
