Table of Contents

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

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2020

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

For the transition period from to

COMMISSION FILE NUMBER 001-35558

CARDIFF ONCOLOGY, INC.
(Exact Name of registrant as specified in its charter)

Delaware	**27-2004382**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11055 Flintkote Avenue, San Diego, California	**92121**
(Address of principal executive offices)	(Zip Code)

(858) 952-7570
(Registrant's telephone number, including area code)

Title of each class:	**Trading Symbol(s)**	**Name of each exchange on which registered:**
Common Stock	CRDF	Nasdaq Capital Market

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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-T (§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, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of October 30, 2020, the issuer had 35,324,607 shares of Common Stock issued and outstanding.

CARDIFF ONCOLOGY, INC.

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CARDIFF ONCOLOGY, INC.
CONDENSED BALANCE SHEETS
(Unaudited)

	September 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 36,405,432	$ 10,195,292
Accounts receivable and unbilled receivable	204,366	203,480
Prepaid expenses and other current assets	1,578,859	954,957
Total current assets	38,188,657	11,353,729
Property and equipment, net	682,859	877,823
Operating lease right-of-use assets	423,163	697,418
Other assets	155,770	157,576
Total Assets	$ 39,450,449	$ 13,086,546
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 610,236	$ 656,304
Accrued expenses	3,643,300	3,260,061
Note payable	305,000	—
Operating lease liabilities	883,534	865,379
Total current liabilities	5,442,070	4,781,744
Derivative financial instruments—warrants	190,199	4,127
Operating lease liabilities, net of current portion	207,178	860,963
Other liabilities	88,452	128,368
Total Liabilities	5,927,899	5,775,202
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, 20,000,000 shares authorized; (Note 7)	926	60
Common stock, $0.0001 par value, 150,000,000 shares authorized; 26,285,743 and 8,593,633 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	10,081	8,312
Additional paid-in capital	260,807,295	217,172,528
Service receivables	(2,403,580)	(971,673)
Accumulated deficit	(224,892,172)	(208,897,883)
Total stockholders' equity	33,522,550	7,311,344
Total liabilities and stockholders' equity	$ 39,450,449	$ 13,086,546

See accompanying notes to the unaudited condensed financial statements.

CARDIFF ONCOLOGY, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Royalties	$ 136,401	$ 51,687	$ 246,738	$ 150,560
Services	—	—	—	1,495
Total revenues	136,401	51,687	246,738	152,055
Costs and expenses:				
Research and development	2,854,812	2,818,824	8,036,225	8,297,763
Selling, general and administrative	1,644,211	1,440,339	4,799,457	4,243,490
Total operating expenses	4,499,023	4,259,163	12,835,682	12,541,253
Loss from operations	(4,362,622)	(4,207,476)	(12,588,944)	(12,389,198)
Interest income	15,864	53,700	67,358	188,204
Gain (loss) from change in fair value of derivative financial instruments—warrants	(144,035)	13,330	(186,072)	27,359
Other income (expense), net	(5,738)	(1,103)	(1,967)	2,012
Net loss	(4,496,531)	(4,141,549)	(12,709,625)	(12,171,623)
Preferred stock dividend payable on Series A Convertible Preferred Stock	(6,060)	(6,060)	(18,180)	(18,180)
Deemed dividend recognized on beneficial conversion features of Series C Convertible Preferred Stock issuance	—	—	—	(268,269)
Deemed dividend recognized on beneficial conversion features of Series D Convertible Preferred Stock issuance	—	—	(601,767)	—
Deemed dividend recognized on beneficial conversion features of Series E Convertible Preferred Stock issuance	—	—	(2,664,717)	—
Net loss attributable to common stockholders	$ (4,502,591)	$ (4,147,609)	$ (15,994,289)	$ (12,458,072)
Net loss per common share — basic and diluted	$ (0.19)	$ (0.69)	$ (1.00)	$ (2.40)
Weighted-average shares outstanding — basic and diluted	23,341,218	6,024,679	15,941,665	5,180,221

See accompanying notes to the unaudited condensed financial statements.

CARDIFF ONCOLOGY, INC.
CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Service Receivable	Accumulated Deficit	Total Stockholders' Equity
Balance, January 1, 2020	60,600	$ 60	8,593,633	$ 8,312	$ 217,172,528	$ (971,673)	$ (208,897,883)	$ 7,311,344
Stock-based compensation	—	—	—		177,309	—	—	177,309
Sale of common stock and warrants	—	—	800,000	80	999,921	—	—	1,000,001
Issuance of common stock upon exercise of warrants	—	—	1,610,144	161	1,456,208	—	—	1,456,369
Issuance of common stock upon vesting of restricted stock units	—	—	6,810	1	(1)	—	—	—
Preferred stock dividend	—	—	—	—	—	—	(6,060)	(6,060)
Release of clinical trial funding commitment	—	—	—	—	—	293,017	—	293,017
Net loss	—	—	—	—	—	—	(4,088,562)	(4,088,562)
Balance, March 31, 2020	60,600	$ 60	11,010,587	$ 8,554	$ 219,805,965	$ (678,656)	$ (212,992,505)	$ 6,143,418
Stock-based compensation	—	—	—	—	281,776	—	—	281,776
Issuance of common stock, preferred stock and warrants for clinical trial funding commitment	154,670	15	602,833	60	2,292,425	(2,300,000)	—	(7,500)
Deemed dividend recognized on beneficial conversion features of Series D Convertible Preferred Stock issuance	—	—	—	—	601,767	—	(601,767)	—
Deemed dividend recognized on beneficial conversion features of Series E Convertible Preferred Stock issuance	—	—	—	—	2,664,717	—	(2,664,717)	—
Sale of common stock, preferred stock and warrants[(1)]	865,824	866	4,689,313	469	17,277,093	—	—	17,278,428
Issuance of common stock upon exercise of warrants	—	—	3,473,393	347	4,604,670	—	—	4,605,017
Issuance of common stock upon vesting of restricted stock units	—	—	2,250	—	—	—	—	—
Issuance of common stock upon conversion of Series D Convertible Preferred Stock	(154,670)	(15)	1,546,700	155	(140)	—	—	—
Preferred stock dividend payable on Series A Convertible Preferred Stock	—	—	—	—	—	—	(6,060)	(6,060)
Release of clinical trial funding commitment	—	—	—	—	—	213,492	—	213,492
Net loss	—	—	—	—	—	—	(4,124,532)	(4,124,532)
Balance, June 30, 2020	926,424	$ 926	21,325,076	$ 9,585	$247,528,273	$(2,765,164)	$(220,389,581)	$24,384,039
Stock-based compensation	—	—	—	—	361,884	—	—	361,884
Issuance of common stock upon exercise of warrants	—	—	4,956,084	496	12,910,306	—	—	12,910,802
Issuance of common stock upon exercise of stock options	—	—	3,333	—	6,832	—	—	6,832

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Service Receivable	Accumulated Deficit	Total Stockholders' Equity
Issuance of common stock upon vesting of restricted stock units	—	—	1,250	—	—	—	—	—
Preferred stock dividend payable on Series A Convertible Preferred Stock	—	—	—	—	—	—	(6,060)	(6,060)
Release of clinical trial funding commitment	—	—	—	—	—	361,584	—	361,584
Net loss	—	—	—	—	—	—	(4,496,531)	(4,496,531)
Balance, September 30, 2020	926,424	$ 926	26,285,743	$ 10,081	$260,807,295	$(2,403,580)	$(224,892,172)	$33,522,550

(1) Net of expenses of $616,143, and fair value of warrants issued as a transaction advisory fee as of the date of issuance of $370,666.

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Service Receivable	Accumulated Deficit	Total Stockholders' Equity
Balance, January 1, 2019	60,600	$ 60	3,831,879	$ 7,742	$202,267,605	$ —	$(192,191,215)	$10,084,192
Stock-based compensation	—	—	—	—	200,067	—	—	200,067
Issuance of common stock, preferred stock and warrants for clinical trial funding commitment, net of expenses and discount of $40,000 and $235,640, respectively	200,000	200	183,334	110	1,634,690	(1,675,000)	—	(40,000)
Deemed dividend recognized on beneficial conversion features of Series C Convertible Preferred Stock issuance	—	—	—	—	268,269	—	(268,269)	—
Issuance of common stock upon exercise of warrants	—	—	497,313	50	3,282,216	—	—	3,282,266
Issuance of common stock upon vesting of restricted stock units	—	—	6,362	4	(4)	—	—	—
Preferred stock dividend payable on Series A Convertible Preferred Stock	—	—	—	—	—	—	(6,060)	(6,060)
Issuance of common stock for share rounding as a result of reverse stock split	—	—	6,466	—	—	—	—	—
Release of clinical trial funding commitment	—	—	—	—	—	70,487	—	70,487
Net loss	—	—	—	—	—	—	(3,904,771)	(3,904,771)
Balance, March 31, 2019	260,600	$ 260	4,525,354	$ 7,906	$207,652,843	$(1,604,513)	$(196,370,315)	$ 9,686,181
Stock-based compensation	—	—	—	—	148,834	—	—	148,834
Sale of common stock and warrants, net of expenses	—	—	421,917	42	2,902,698	—	—	2,902,740
Issuance of common stock upon exercise of warrants	—	—	156,353	16	1,548	—	—	1,564
Issuance of common stock upon vesting of restricted stock units	—	—	4,433	—	—	—	—	—
Issuance of common stock upon conversion of Series C Convertible Preferred Stock	(200,000)	(200)	333,333	33	167	—	—	—
Preferred stock dividend payable on Series A Convertible Preferred Stock	—	—	—	—	—	—	(6,060)	(6,060)
Release of clinical trial funding commitment	—	—	—	—	—	240,279	—	240,279
Net loss	—	—	—	—	—		(4,125,303)	(4,125,303)
Balance, June 30, 2019	60,600	$ 60	5,441,390	$ 7,997	$210,706,090	$(1,364,234)	$(200,501,678)	$ 8,848,235
Stock-based compensation	—	—	—	—	266,325	—	—	266,325
Sale of common stock and warrants, net of expenses	—	—	271,744	27	1,483,554	—	—	1,483,581
Issuance of common stock upon exercise of warrants	—	—	717,969	72	7,108	—	—	7,180
Issuance of common stock upon vesting of restricted stock units	—	—	5,402	—	—	—	—	—
Preferred stock dividend payable on Series A Convertible Preferred Stock	—	—	—	—	—	—	(6,060)	(6,060)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Service Receivable	Accumulated Deficit	Total Stockholders' Equity
Release of clinical trial funding commitment	—	—	—	—	—	198,268	—	198,268
Net loss	—	—	—	—	—	—	(4,141,549)	(4,141,549)
Balance, September 30, 2019	60,600	$ 60	6,436,505	$ 8,096	$212,463,077	$(1,165,966)	$(204,649,287)	$ 6,655,980

See accompanying notes to the unaudited condensed financial statements.

CARDIFF ONCOLOGY, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2020	2019
Operating activities		
Net loss	$ (12,709,625)	$ (12,171,623)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment loss	34,169	—
Depreciation	348,748	372,828
Stock-based compensation expense	820,969	615,226
Change in fair value of derivative financial instruments—warrants	186,072	(27,359)
Release of clinical trial funding commitment	868,093	509,034
Changes in operating assets and liabilities:		
Other assets	1,806	(68,145)
Accounts receivable and unbilled receivable	(886)	15,717
Prepaid expenses	(623,902)	277,876
Operating lease right-of-use assets	240,086	224,400
Accounts payable and accrued expenses	318,991	837,551
Operating lease liabilities	(635,630)	(576,141)
Other liabilities	(39,916)	—
Net cash used in operating activities	(11,191,025)	(9,990,636)
Investing activities:		
Capital expenditures	(153,784)	(67,622)
Net cash used in investing activities	(153,784)	(67,622)
Financing activities:		
Proceeds from sales of common stock, preferred stock and warrants, net of expenses of $633,807 and $97,260, respectively	18,278,429	4,386,321
Costs related to the clinical trial funding commitment	(7,500)	(40,000)
Proceeds from exercise of options	6,832	—
Proceeds from exercise of warrants	18,972,188	3,291,010
Borrowings under note payable	305,000	—
Net cash provided by financing activities	37,554,949	7,637,331
Net change in cash and cash equivalents	26,210,140	(2,420,927)
Cash and cash equivalents—Beginning of period	10,195,292	11,453,133
Cash and cash equivalents—End of period	$ 36,405,432	$ 9,032,206
Supplementary disclosure of cash flow activity:		
Cash paid for taxes	$ 800	$ 800
Supplemental disclosure of non-cash investing and financing activities:		
Preferred stock dividend payable on Series A Convertible Preferred Stock	$ 18,180	$ 18,180
Deemed dividend recognized for beneficial conversion features of Series C Convertible Preferred Stock issuance	$ —	$ 268,269
Deemed dividend recognized for beneficial conversion features of Series D Convertible Preferred Stock issuance	$ 601,767	$ —

	Nine Months Ended September 30,	
	2020	2019
Deemed dividend recognized for beneficial conversion features of Series E Convertible Preferred Stock issuance	$ 2,664,717	$ —
Common stock, Series C Convertible Preferred Stock and warrants issued in connection with clinical trial funding commitment, net of discount of $235,640	$ —	$ 1,675,000
Common stock, Series D Convertible Preferred Stock and warrants issued in connection with clinical trial funding commitment, net of discount of $488,270	$ 2,300,000	$ —
Common stock issued upon conversion of Series C Convertible Preferred Stock	$ —	$ 33
Common stock issued upon conversion of Series D Convertible Preferred Stock	$ 155	$ —

See accompanying notes to the unaudited condensed financial statements.

CARDIFF ONCOLOGY, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Basis of Presentation

Business Organization and Overview

Cardiff Oncology, Inc. ("Cardiff Oncology" or the "Company") headquartered in San Diego, California, is a clinical-stage biotechnology company with the singular mission of developing new treatment options for cancer patients in indications with the greatest medical need, including KRAS-mutated metastatic colorectal cancer, Zytiga®-resistant metastatic castration-resistant prostate cancer and relapsed or refractory acute myeloid leukemia. Our goal is to overcome resistance, improve response to treatment and increase overall survival. Through the integration of tumor genomics and biomarker technology, we are able to assess patient response to treatment.

Basis of Presentation

The accompanying unaudited interim condensed financial statements of Cardiff Oncology have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") related to a quarterly report on Form 10-Q. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations. The unaudited interim condensed financial statements reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair statement of the Company's financial position and the results of its operations and cash flows for the periods presented. The unaudited condensed balance sheet at December 31, 2019 has been derived from the audited financial statements at that date but does not include all of the information and disclosures required by GAAP for annual financial statements. The operating results presented in these unaudited interim condensed financial statements are not necessarily indicative of the results that may be expected for any future periods. These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2019 included in the Company's annual report on Form 10-K filed with the SEC on February 27, 2020.

Liquidity

The Company has incurred net losses since its inception and has negative operating cash flows. As of September 30, 2020, the Company had $36.4 million in cash and cash equivalents and believes it has sufficient cash to meet its funding requirements for at least the next 12 months following the issuance date of these financial statements.

On October 2, 2020 the Company closed an underwritten public offering of its common stock for gross proceeds of approximately $100.9 million. See Note 11 to the condensed financial statements for further information.

For the foreseeable future, the Company expects to continue to incur losses and require additional capital to further advance its clinical trial programs and support its other operations. The Company cannot be certain that additional funding will be available on acceptable terms, or at all. To the extent that the Company can raise additional funds by issuing equity securities, the Company's stockholders may experience additional dilution. The economic effects of COVID-19 could also have an adverse effect on the Company's ability to raise additional capital. See Note 10 to the condensed financial statements for further information.

As of October 31, 2020 the Company had $131.8 million in cash and cash equivalents.

2. Summary of Significant Accounting Policies

During the nine months ended September 30, 2020, there have been no changes to the Company's significant accounting policies as described in its Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Net Loss Per Share

Basic and diluted net loss per common share is determined by dividing net loss applicable to common stockholders by the weighted-average common shares outstanding during the period. Preferred dividends are included in net loss attributable to common stockholders in the computation of basic and diluted earnings per share. Shares used in calculating diluted net loss per common share exclude as anti-dilutive the following share equivalents:

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net loss used for basic and diluted loss per share	$ (4,502,591)	$ (4,147,609)	$ (15,994,289)	$ (12,458,072)
Denominator:				
Weighted-average shares used to compute basic and diluted net loss per share	23,341,218	6,024,679	15,941,665	5,180,221
Net loss per share attributable to common stockholders:				
Basic and diluted	$ (0.19)	$ (0.69)	$ (1.00)	$ (2.40)

The following table sets forth the outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per share because their effect was anti-dilutive:

	September 30,	
	2020	2019
Options to purchase Common Stock	1,920,706	1,016,426
Warrants to purchase Common Stock	7,373,351	4,870,076
Restricted Stock Units	991	14,161
Series A Convertible Preferred Stock	877	877
Series E Convertible Preferred Stock	3,548,459	—
	12,844,384	5,901,540

Recently Adopted Accounting Pronouncement

In August 2018, the FASB issued ASU No. 2018-13 ("ASU 2018-13"), *Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. The standard is effective for all entities for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company has prospectively adopted ASU 2018-13 as of January 1, 2020 for periods presented after adoption. The adoption of ASU 2018-13 did not have a material impact on the Company's financial statements.

3. Fair Value Measurements

The following table presents the Company's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of September 30, 2020 and December 31, 2019:

	Fair Value Measurements at September 30, 2020			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market fund (1)	$ 35,536,630	$ —	$ —	$ 35,536,630
Total Assets	$ 35,536,630	$ —	$ —	$ 35,536,630
Liabilities:				
Derivative financial instruments—warrants (2)	$ —	$ —	$ 190,199	$ 190,199
Total Liabilities	$ —	$ —	$ 190,199	$ 190,199

	Fair Value Measurements at December 31, 2019			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market fund (1)	$ 10,131,240	$ —	$ —	$ 10,131,240
Total Assets	$ 10,131,240	$ —	$ —	$ 10,131,240
Liabilities:				
Derivative financial instruments—warrants (2)	$ —	$ —	$ 4,127	$ 4,127
Total Liabilities	$ —	$ —	$ 4,127	$ 4,127

(1) Included as a component of cash and cash equivalents on the accompanying condensed balance sheets.

(2) A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments that trade infrequently and therefore have little or no price transparency are classified as Level 3. See Note 6 to the condensed financial statements for further information.

4. Property and Equipment

Property and equipment consist of the following:

	As of September 30, 2020	As of December 31, 2019
Furniture and office equipment	$ 805,920	$ 775,030
Leasehold improvements	1,962,230	1,962,230
Laboratory equipment	867,750	744,856
	3,635,900	3,482,116
Less—accumulated depreciation and amortization	(2,953,041)	(2,604,293)
Property and equipment, net	$ 682,859	$ 877,823

5. Leases

As a lessee, the Company's current leases include its master facility lease and immaterial equipment leases, all of which are considered operating leases.

The Company (as a sublessor) also subleases portions of its facility to third parties under three separate subleases. All of these subleases have been determined to be operating leases and are accounted for separately from the head lease.

Master Facility Lease

The Company leases a building in San Diego under an operating lease that expires on December 31, 2021. The lease currently requires fixed monthly rent payments of approximately $78,000, with 3% annual escalation. The lease also contains one five-year renewal option with minimum monthly rent equal to the then-current fair market value, subject to a 3% annual increase. As the Company is not reasonably certain to exercise this option, it has not been included in the calculation of the lease liability or right-of-use asset related to this lease.

Facility Subleases

As a result of corporate restructurings in previous years, the Company vacated a portion of its facility and has subleased the space to third parties under three separate sublease agreements, which all expire December 31, 2021. The Company recorded a cease-use loss liability and expense in 2018 pursuant to ASC 420, *Exit or Disposal Cost Obligations*, representing the total expected shortfall in sublease income for two of the subleases as compared to its required payments for those spaces under the remainder of the master lease term. This liability was being amortized over the remaining lease term until the adoption of ASC 842, whereupon the remaining cease-use loss liability of approximately $487,000 was eliminated and treated as a reduction to the beginning ROU asset value for the master lease as of January 1, 2019. Income will continue to be recognized on a straight-line basis over the term of the sublease.

Impairment of Right-of-Use Assets

The Company recorded an impairment loss of $0 and $34,169 for the three and nine months ended September 30, 2020, respectively. The loss related to a vacated portion of the facility that was no longer being subleased. The Company determined that the prolonged loss of sublease income and an adverse commercial real estate market caused by COVID-19 were indicators of impairment. A fair value approach using quoted prices for similar assets was used to determine the impairment loss. The loss was recorded within operating expenses in the condensed statement of operations.

The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating lease cost	$ 98,808	$ 191,472	$ 344,836	$ 578,919
Operating sublease income	(72,793)	(99,937)	(218,380)	(299,812)
Net operating lease cost	$ 26,015	$ 91,535	$ 126,456	$ 279,107

Supplemental balance sheet information related to leases was as follows:

	As of September 30, 2020	As of December 31, 2019
Operating lease ROU assets	$ 423,163	$ 697,418
Current operating lease liabilities	$ 883,534	$ 865,379
Non-current operating lease liabilities	207,178	860,963
Total operating lease liabilities	$ 1,090,712	$ 1,726,342
Weighted-average remaining lease term–operating leases	1.3 years	2.0 years
Weighted-average discount rate–operating leases	6.5 %	6.5 %

Supplemental cash flow and other information related to leases was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 236,748	$ 229,927	$ 706,211	$ 685,865

Total remaining annual commitments under non-cancelable lease agreements for each of the years ended December 31 are as follows:

Year Ending December 31,	Operating Leases	Sublease Income	Net Operating Leases
2020 (excluding the nine months ended September 30, 2020)	$ 159,167	$ (72,793)	$ 86,374
2021	968,165	(403,345)	564,820
2022	5,868	—	5,868
2023	3,423	—	3,423
Total future minimum lease payments	1,136,623	$ (476,138)	$ 660,485
Less imputed interest	(45,911)		
Total	$ 1,090,712		

6. Derivative Financial Instruments — Warrants

Based upon the Company's analysis of the criteria contained in ASC Topic 815-40, *Contracts in Entity's Own Equity* ("ASC 815-40") or ASC Topic 480-10, *Distinguishing Liabilities from Equity* ("ASC 480-10"), Cardiff Oncology determined that certain warrants issued in connection with the execution of certain equity financings must be recorded as derivative liabilities. In accordance with ASC 815-40 and ASC 480-10, the warrants are also being re-measured at each balance sheet date based on estimated fair value, and any resultant change in fair value is being recorded in the Company's condensed statements of operations. The Company estimates the fair value of these warrants using the Black-Scholes option pricing model.

The range of assumptions and weighted averages used to determine the fair value of the warrants valued using the Black-Scholes option pricing model during the periods indicated were:

	Nine Months Ended September 30,	
	2020	2019
Range:		
Estimated fair value of Cardiff Oncology common stock	$1.01 - $14.19	$1.51 - $3.75
Expected warrant term	2.3 - 3.1 years	3.3 - 4.1 years
Risk-free interest rate	0.14 - 1.62%	1.56 - 2.49%
Expected volatility of Cardiff Oncology common stock	110 - 118%	102 - 106%
Dividend yield	0 %	0 %

	As of September 30, 2020
Weighted Average[(1)(2)]:	
Fair value of Cardiff Oncology common stock	$14.19
Expected warrant term	2.3 years
Risk-free interest rate	0.14 %
Expected volatility of Cardiff Oncology common stock	110 %
Dividend yield	0 %

(1) Weighted average is only disclosed for periods after January 1, 2020 under the adoption of ASU 2018-13.
(2) The weighted average was calculated using the relative fair value method.

Expected volatility is based on historical volatility of Cardiff Oncology's common stock. The warrants have a transferability provision and based on guidance provided in Staff Accounting Bulletin ("SAB") No. 107, *Share-Based Payment* ("SAB No. 107"), for instruments issued with such a provision, Cardiff Oncology used the remaining contractual term as the expected term of the warrants. The risk-free rate is based on the U.S. Treasury security rates consistent with the expected remaining term of the warrants at each balance sheet date.

The following table sets forth the components of changes in the Company's derivative financial instruments—warrants liability balance, valued using the Black-Scholes option pricing method, for the periods indicated.

Date	Description	Number of Warrants	Derivative Instrument Liability
December 31, 2019	Balance of derivative financial instruments—warrants liability	64,496	$ 4,127
	Change in fair value of derivative financial instruments—warrants during the period recognized as a loss in the condensed statements of operations	—	186,072
September 30, 2020	Balance of derivative financial instruments—warrants liability	64,496	$ 190,199

7. Stockholders' Equity

Stock Options

Stock-based compensation expense related to Cardiff Oncology equity awards have been recognized in operating results as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Included in research and development expense	$ 104,259	$ 104,153	$ 251,212	$ 300,291
Included in selling, general and administrative expense	257,625	162,172	569,757	314,935
Total stock-based compensation expense	$ 361,884	$ 266,325	$ 820,969	$ 615,226

The unrecognized compensation cost related to non-vested stock options outstanding at September 30, 2020 and 2019, net of estimated forfeitures, was $2,388,077 and $1,476,725, respectively, which is expected to be recognized over a weighted-average remaining vesting period of 2.2 and 2.4 years, respectively. The weighted-average remaining contractual term of outstanding options as of September 30, 2020 was approximately 9.1 years. The total fair value of stock options vested during the nine months ended September 30, 2020 and 2019 were $770,582 and $321,870, respectively.

The estimated fair value of stock option awards was determined on the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions during the following periods indicated:

	Nine Months Ended September 30,	
	2020	2019
Risk-free interest rate	0.44 %	1.8 %
Dividend yield	0 %	0 %
Expected volatility of Cardiff Oncology common stock	104.7 %	95.5 %
Expected term	5.9 years	5.9 years

A summary of stock option activity and changes in stock options outstanding is presented below:

	Total Options	Weighted-Average Exercise Price Per Share	Intrinsic Value
Balance outstanding, December 31, 2019	1,015,418	$ 12.77	$ —
Granted	969,965	$ 2.53	
Exercised	(3,333)	$ 2.05	
Canceled / Forfeited	(46,069)	$ 12.58	
Expired	(15,275)	$ 8.98	
Balance outstanding, September 30, 2020	1,920,706	$ 7.65	$ 21,766,326
Exercisable at September 30, 2020	441,434	$ 24.82	$ 4,507,516

On June 6, 2019, the number of authorized shares in the Cardiff Oncology 2014 Equity Incentive Plan ("2014 EIP") was increased from 243,056 to 1,243,056. On April 16, 2020 the 2014 EIP was amended to increase the number of shares of common stock reserved for issuance thereunder to 2,243,056 from 1,243,056. As of September 30, 2020, there were 258,497 shares available for issuance under the 2014 EIP.

Restricted Stock Units

A summary of the RSU activity is presented below:

	Total Restricted Stock Units	Weighted-Average Grant Date Fair Value Per Share	Intrinsic Value
Non-vested RSUs outstanding, December 31, 2019	11,301	$ 15.38	$ 14,013
Vested	(10,310)	$ 9.76	$ 22,875
Non-vested RSUs outstanding, September 30, 2020	991	$ 73.84	$ 14,062

The total fair value of vested RSUs during the nine months ended September 30, 2020 and 2019 were $100,585 and $169,563, respectively.

Warrants

A summary of warrant activity and changes in warrants outstanding, including both liability and equity classifications is presented below:

	Total Warrants	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term
Balance outstanding, December 31, 2019	10,589,482	$ 4.08	3.7 years
Granted	5,831,451	$ 1.70	
Exercised	(9,047,582)	$ 2.17	
Balance outstanding, September 30, 2020	7,373,351	$ 4.54	4.3 years

Excluded from the table above are 992,039 pre-funded warrants that were exercised during the nine months ended September 30, 2020.

Preferred Stock

A summary of our Company's classes of preferred stock is presented below:

Class	Par value	Shares designated	Liquidation preference	Shares outstanding	
				As of September 30, 2020	As of December 31, 2019
Series A Convertible Preferred Stock	$ 0.001	277,100	$ 606,000	60,600	60,600
Series B Convertible Preferred Stock	$ 0.001	8,860	None	—	—
Series C Convertible Preferred Stock	$ 0.001	200,000	None	—	—
Series D Convertible Preferred Stock	$ 0.0001	154,670	None	—	—
Series E Convertible Preferred Stock	$ 0.001	865,824	None	865,824	—

Series C Convertible Preferred Stock and Service Receivable

On January 25, 2019, the Company entered into a Master Services Agreement and a Stock and Warrant Subscription Agreement with PoC Capital, LLC (“PoC”), whereby PoC agreed to finance $1.675 million for the development costs associated with Phase 1b/2 study of onvansertib in combination with FOLFIRI and Avastin® in patients with metastatic Colorectal Cancer (“mCRC”) harboring KRAS mutation in exchange for (i)183,334 shares of common stock, (ii) warrants to purchase an aggregate of 150,000 shares of common stock, with an exercise price of $3.762 per share, expiring on January 25, 2024, and (iii) 200,000 shares of Series C Convertible Preferred Stock, each share of which was convertible into 1.67 shares of common stock. In April of 2019, all 200,000 shares of Series C Convertible Preferred Stock were converted into 333,333 shares of the Company's common stock.

The Company evaluated the awards issued under this transaction and determined they should be classified as equity. These equity awards were fully vested and non-forfeitable. Since the equity awards were for clinical trial services yet to be provided, the Company recognized $1.675 million service receivables as contra equity. The Company releases the service receivables as clinical trial services are performed. The conversion feature of the Series C Convertible Preferred Stock at the time of issuance was determined to be beneficial on the commitment date. Because the Series C Convertible Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from inception, the Company immediately recorded a non-cash deemed dividend of $0.3 million related to the beneficial conversion feature arising from the issuance of Series C Convertible Preferred Stock. This non-cash deemed dividend increased the Company’s net loss attributable to common stockholders and net loss per share.

Series D Convertible Preferred Stock and Service Receivable

On May 8, 2020, the Company entered into a Stock and Warrant Subscription Agreement with PoC, whereby PoC agreed to finance an additional $2.3 million for a clinical trial in exchange for (i) 602,833 shares of its common stock (the “Common Stock”), (ii) 154,670 shares of its Series D Preferred Stock (as defined below) and (iii) a warrant exercisable for 859,813 shares of its Common Stock. In exchange, PoC is funding our clinical development of onvansertib in metastatic colorectal cancer pursuant to a Master Services Agreement dated as of January 25, 2019 by and among the Company, Integrium, LLC and PoC, as amended. The warrant will be exercisable six months following the date of issuance at an exercise price of $1.50 per share and will expire on November 7, 2025. In June of 2020, all 154,670 Series D Preferred Stock were converted to 1,546,700 shares of Common Stock.

The Company evaluated the awards issued under this transaction and determined they should be classified as equity. These equity awards were fully vested and non-forfeitable. Since the equity awards were for clinical trial services yet to be provided, the Company recognized $2.3 million service receivables as contra equity. The Company releases the service receivables as clinical trial services are performed. The conversion feature of the Series D Convertible Preferred Stock at the time of issuance was determined to be beneficial on the commitment date. Because the Series D Convertible Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from inception, the Company immediately recorded a non-cash deemed dividend of $0.6 million related to the beneficial conversion feature arising from the issuance of Series D Convertible Preferred Stock. This non-cash deemed dividend increased the Company’s net loss attributable to common stockholders and net loss per share.

Series E Convertible Preferred Stock

On June 15, 2020 the Company entered into a Securities Purchase Agreement with Acorn Bioventures LP ("Acorn"), CDK Associates, L.L.C. (“CDK”) and Third Street Holdings LLC (“Third Street”), pursuant to which the Company agreed to offer, issue and sell to Acorn, CDK and Third Street, (i) in a registered direct offering, an aggregate of 1,984,328 shares of common stock and (ii) in a concurrent private placement, (a) an aggregate of 865,824 shares of Series E Preferred Stock (“Series E Preferred Stock”) and (b) Series N warrants to purchase up to 2,213,115 shares of Common Stock. The Series E Preferred Stock is convertible at any time determined by dividing the $10 stated value per share of the Series E Preferred Stock by a conversion price of $2.44 per share, subject to adjustment in accordance with the Certificate of Designation. The Series N Warrants will be exercisable six months following the date of issuance at an exercise price of $2.39 per share and will expire on December 16, 2025. As of September 30, 2020, there were 865,824 shares of Series E Convertible Preferred Stock outstanding.

The conversion feature of the Series E Convertible Preferred Stock at the time of issuance was determined to be beneficial on the commitment date. Because the Series E Convertible Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from inception, the Company immediately recorded a non-cash deemed dividend of $2.7 million related to the beneficial conversion feature arising from the issuance of Series E Convertible Preferred Stock. This non-cash deemed dividend increased the Company’s net loss attributable to common stockholders and net loss per share.

In conjunction with the June 15, 2020 offering, we issued 184,426 warrants as an advisory fee. These warrants are exercisable six months following the date of issuance at an exercise price of $3.05 per share and will expire 5.5 years following the date of issuance. These warrants are classified as equity and its estimated fair value of $370,666 was recognized as additional paid in capital on the issuance date. The estimated fair value is determined using the Black-Scholes Option Pricing Model which is based on the value of the underlying common stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends and expected volatility of the price of the underlying common stock.

Securities Purchase Agreements with Lincoln Park Capital Fund, LLC

On March 30, 2020, the Company entered into a Securities Purchase Agreement with Lincoln Park Capital Fund, LLC (“LPC”), pursuant to which the Company agreed to offer, issue and sell to LPC, (i) in a registered direct offering, an aggregate of (a) 800,000 shares of common stock and (b) Series I warrants to purchase up to 131,967 shares (the “Series I Warrant Shares”) of common stock. In a concurrent private placement, the Company also sold to LPC Series J warrants (the “Series J Warrants”) to purchase one share of common stock for each Share and for each Series I Warrant purchased for cash in the registered direct offering. The Series J Warrants are exercisable six months following the date of issuance at an exercise price of $0.948 per share and will expire 5.5 years following the date of issuance. The gross proceeds from this purchase were $1.0 million.

On April 9, 2020, the Company entered into a Securities Purchase Agreement with LPC, pursuant to which the Company agreed to offer, issue and sell to LPC, (i) in a registered direct offering, an aggregate of (a) 904,970 shares of common stock and (b) Series K warrants to purchase up to 255,000 shares (the “Series K Warrant Shares”) of common stock. In a concurrent private placement, the Company also sold to LPC Series L warrants (the “Series L Warrants”) to purchase one share of Common Stock for each Share and for each Series K Warrant purchased for cash in the registered direct offering. The Series L Warrants are exercisable six months following the date of issuance at an exercise price of $0.81 per share and will expire 5.5 years following the date of issuance. The gross proceeds from this purchase were $1.1 million.

Securities Purchase Agreement With Certain Directors and Executives

On May 11, 2020 and May 14, 2020, the Company entered into Securities Purchase Agreements with certain directors and executives of the Company pursuant to which the Company sold 447,761 shares of common stock at a purchase price of $1.34 per share and 146,854 shares of common stock at a purchase price of $1.43 per share. The gross proceeds from these purchases were $810,000.

Securities Purchase Agreement with Acorn Bioventures LP

On May 26, 2020, the Company entered into a Securities Purchase Agreement with Acorn, pursuant to which the Company agreed to offer, issue and sell to Acorn, (i) in a registered direct offering, an aggregate of 1,205,400 shares of common stock and (ii) in a concurrent private placement, Series M warrants to purchase up to 482,160 shares of common stock. The Series M Warrants are exercisable six months following the date of issuance at an exercise price of $2.024 per share and will expire 5.5 years following the date of issuance. The gross proceeds from this purchase were $2.5 million.

8. Commitments and Contingencies

Executive Agreements

Certain executive agreements provide for severance payments in case of terminations without cause or certain change of control scenarios.

Research and Development and Clinical Trial Agreements

In March 2017, the Company entered into a license agreement with Nerviano which granted the Company development and commercialization rights to NMS-1286937, which Cardiff Oncology refers to as onvansertib. Onvansertib is an oral, investigative drug and a highly-selective adenosine triphosphate competitive inhibitor of the serine/threonine PLK1. The Company plans to develop onvansertib in patients with leukemias/lymphomas and solid tumor cancers. Upon execution of the agreement, the Company paid $2.0 million in license fees which were expensed to research and development costs. The Company was committed to order $1.0 million of future services provided by Nerviano, such as the cost to manufacture drug product, no later than June 30, 2019, and these services have been purchased. Terms of the agreement also provide for the Company to pay development milestones and royalties based on sales volume.

The Company is a party to various agreements under which it licenses technology on an exclusive basis in the field of human diagnostics and oncology therapeutics. License fees are generally calculated as a percentage of product revenues, with rates that vary by agreement. For the nine months ended September 30, 2020 and 2019, payments have not been material.

Litigation

Cardiff Oncology does not believe that it has legal liabilities that are probable or reasonably possible that require either accrual or disclosure. From time to time, the Company may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in matters may arise from time to time that may harm the Company's business. As of the date of this report, management believes that there are no claims against the Company, which it believes will result in a material adverse effect on the Company's business or financial condition.

9. Related Party Transactions

In November 2018, the Company entered into a Material Transfer Agreement ("MTA") with Leucadia Life Sciences ("Leucadia") pursuant to which Leucadia will develop a PCR-based assay for onvansertib for Acute Myeloid Leukemia ("AML"). The Company's Executive Chairman, Dr. Thomas Adams, is a principal stockholder of Leucadia. In connection with the MTA, the Company entered into a consulting agreement with Tommy Adams, Co-Founder & Chief Operating Officer of Leucadia, who is the son of Dr. Adams. During the three months ended September 30, 2020 and 2019 the Company incurred and recorded research and development expenses of approximately $281,000 and $242,000, respectively, during the nine months ended September 30, 2020 and 2019 the Company incurred and recorded approximately $810,000 and $745,000, respectively, for services performed by Leucadia and Tommy Adams.

10. COVID-19

The COVID-19 outbreak in the United States has caused significant business disruption. The extent of the impact of COVID-19 on the Company's future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the Company's clinical trials, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain. While there has not been a material impact on the Company's condensed financial statements for the three or nine months ended September 30, 2020, a prolonged outbreak could have a material adverse impact on financial results and business operations of the Company, including the timing and ability of the Company to complete certain clinical trials and other efforts required to advance the development of its drugs and raise additional capital.

In response to the pandemic, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law on March 27, 2020. The CARES Act, among other things, includes tax provisions relating to refundable payroll tax credits, deferment of employer’s social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company is utilizing the deferment of employer social security payments. The CARES Act did not have a material impact on our income tax provision for the three or nine months ended September 30, 2020. We continue to monitor changes and revisions of the CARES Act and its impact on our financial position, results of operations and cash flows.

Small Business Administration Payroll Protection Program Loan

On April 15, 2020, the Company was granted a loan (the “Loan”) from JPMorgan Chase Bank, N.A. in the aggregate amount of $305,000, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act with an interest rate of 0.98% per annum. On October 19, 2020 the Company repaid in full the outstanding principal and interest of the PPP Loan.

11. Subsequent Events

Underwritten Public Offering

On October 2, 2020 the Company completed an underwritten public offering of 6,500,000 shares of its common stock at a price to the public of $13.50 per share. In addition, the underwriters exercised in full an option to purchase an additional 975,000 shares of common stock at the public offering price, less the underwriting discounts and commissions. All of the shares in the offering were sold by the Company, with gross proceeds of approximately $100.9 million, and net proceeds of approximately $94.0 million, after deducting underwriting discounts, commissions and estimated offering expenses.

Exercise of Warrants

From October 1 through October 31, 2020 the Company received proceeds of approximately $3.4 million from the exercise of 1.6 million warrants. The warrants exercised during the relevant period were from various prior equity offerings.

Repayment of Small Business Administration Payroll Protection Program Loan

On October 19, 2020 the Company repaid in full the PPP Loan principal of $305,000 and interest for the period the loan was outstanding.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding the future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions.

In addition, our business and financial performance may be affected by the factors that are discussed under "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 27, 2020. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

The following discussion and analysis is qualified in its entirety by, and should be read in conjunction with, the more detailed information set forth in the financial statements and the notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Overview

We are a clinical stage, biotechnology company, developing new treatment options for cancer patients in indications with the greatest medical need. Our goal is to overcome resistance, extend duration of response and increase overall survival. We are developing onvansertib, a first-in-class, third-generation Polo-like Kinase 1 ("PLK1") inhibitor, in combination with standard-of-care chemotherapy and targeted therapeutics. Our clinical development programs incorporate tumor genomics and biomarker technology to enable assessment of patient response to treatment.

We licensed onvansertib from Nerviano Medical Sciences ("NMS") in March, 2017, pursuant to a license agreement with NMS dated March 13, 2017. This exclusive, world-wide license agreement includes 3 issued patents for onvansertib which cover composition of matter, salt forms of onvansertib and combination of onvansertib with other drugs.

Onvansertib is highly potent against the PLK1 enzyme (concentration for 50% inhibition [IC50] = 2nM), whereas low or no activity was observed on a panel of 63 kinases (IC50>500 nM), including the PLK members PLK2 and PLK3 (IC50>10 µM). Onvansertib was developed to have ideal pharmacokinetics, including oral bioavailability and administration and a drug half-life of approximately 24 hours, allowing for flexible dosing and scheduling, and is well tolerated and safe with only mild to moderate side effects reported to-date. A Phase 1 safety study of onvansertib was successfully completed in patients with advanced metastatic solid tumors and published in 2017 in Investigational New Drugs.

PLK1, a serine/threonine kinase, is a master regulator of mitotic progression with various roles and localizations during the different mitotic phases. Upon PLK1 depletion in cancer cells by RNA interference ("RNAi"), inhibition of proliferation and decreased viability, resulting from cell cycle arrest with 4N DNA content followed by apoptosis, are observed. PLK1 depletion also results in an increase in the number of cells containing abnormal spindle formation and misaligned chromosomes. Expression of PLK1 is seen in all proliferating normal tissues, and PLK1 is overexpressed in a number of tumors (including breast, prostate, ovary, lung, gastric and colon cancers), as well as in hematologic cancers.

Onvansertib has been tested for antiproliferative activity on a panel of 148 tumor cell lines and appeared highly active with an IC50 (a measure concentration for 50% target inhibition) below 100 nM in 75 cell lines and IC50 values below 1 uM in 133 out of 148 cell lines. Onvansertib also appears active in cells expressing multi-drug resistant (“MDR”) transporter proteins and we believe its apparent ability to overcome the MDR transporter resistance mechanism in cancer cells could prove useful in broader drug combination applications. Additionally, onvansertib has been tested in in-vivo xenograft and transgenic models of different cancer types with the demonstration of tumor growth inhibition or tumor regression.

In in-vitro and in-vivo preclinical studies, synergy (interaction of discrete drugs such that the total effect is greater than the sum of the individual effects) has been demonstrated with onvansertib when used in combination with numerous different chemotherapies, including irinotecan, 5-FU, cisplatin, cytarabine, doxorubicin, gemcitabine and paclitaxel, as well as targeted therapeutics, such as abiraterone acetate ("Zytiga®"), histone deacetylase (“HDAC”) inhibitors, such as belinostat ("Beleodaq®"), quizartinib ("AC220"), a development stage FLT3 inhibitor, and bortezomib ("Velcade®"). These therapies are used clinically for the treatment of solid tumor cancers, leukemias and lymphomas including metastatic colorectal cancer ("mCRC"), metastatic castration resistant prostate cancer ("mCRPC"), pancreatic cancer, triple negative breast cancer (“TNBC”), acute myeloid leukemia ("AML") and other hematological malignancies.

We believe the high-selectivity of onvansertib to PLK1, its 24-hour half-life and oral bioavailability, as well as its demonstrated safety and tolerability, with expected on-target, easy to manage and reversible side effects, may prove beneficial in addressing clinical therapeutic needs across a variety of cancers.

Clinical Program Updates

We currently have three active clinical trials:

- TROV-054 is a Phase 1b/2 open-label clinical trial of onvansertib in combination with FOLFIRI and bevacizumab ("Avastin®") for the second line treatment of patients with KRAS-mutated mCRC, which is being conducted at 6 clinical trial sites across the U.S. - USC Norris Comprehensive Cancer Center, The Mayo Clinic Cancer Centers, Kansas University Medical Center ("KUMC") and CARTI Cancer Center;
- TROV-053 is a Phase 2 open-label clinical trial of onvansertib in combination with abiraterone acetate (Zytiga®) and prednisone in patients with mCRPC, which is being conducted at Beth Israel Deaconess Medical Center ("BIDMC"), Dana-Farber Cancer Institute ("DFCI"), and Massachusetts General Hospital ("MGH");
- TROV-052 is a Phase 2 open-label clinical trial of onvansertib in combination with standard-of-care chemotherapy, decitabine, in patients with relapsed or refractory AML, which is being conducted at nine sites across the U.S. The Phase 1b portion of the AML trial was completed in the fourth quarter of 2019.

KRAS-mutated mCRC

TROV-054 is a Phase 1b/2 study of onvansertib for the second-line treatment of patients with KRAS-mutated metastatic colorectal cancer ("mCRC") in combination with standard-of-care FOLFIRI and bevacizumab (Avastin®).

The primary objective of this study is to evaluate the dose-limiting toxicities ("DLTs") and maximum tolerated dose ("MTD") or recommended Phase 2 dose ("RP2D") of onvansertib in combination with FOLFIRI and bevacizumab (Phase 1b) and to continue to assess the safety and preliminary efficacy of onvansertib in combination with FOLFIRI and bevacizumab (Phase 2).

The rationale for this clinical trial is based on three key principles including synthetic lethality, synergy and proof-of-concept clinical benefit. Synthetic lethality arises when a combination of deficiencies in the expression of two genes leads to cell death, whereas a deficiency in only one of these genes does not. The deficiencies can arise through mutations, epigenetic alterations or inhibitors of the protein encoded by one of the genes. In reference to onvansertib, CRC tumor cells harboring KRAS mutations are more vulnerable to cell death with PLK1 inhibition versus KRAS wild-type isogenic cells. Synergy occurs when the combination of two drugs results in an unexpected greater activity than an expected additive effect of the two drugs. Onvansertib in combination with irinotecan and 5-FU (components of FOLFIRI) demonstrate synergy in colorectal cancer cell lines and the combination has demonstrated significantly greater tumor growth inhibition than either drug alone. Proof-of-concept clinical response has been demonstrated in a previously completed Phase 1 trial in solid tumors in which 3 of 5 patients showing stable disease had a KRAS mutation; 2 in colorectal cancer and 1 in pancreatic cancer.

Data presented on September 17, 2020, at the European Society for Medical Oncology ("ESMO") conference, demonstrated the safety and efficacy of onvansertib. Of the 11 patients evaluable for efficacy, 10 of 11 (91%) patients achieved disease control (SD – stable disease plus PR – partial response) with only 1 patient progressing in <6 months while on treatment. Five (45%) patients achieved a partial response (PR); 4 patients had a confirmed PR (≥ 30% tumor shrinkage) with 1 patient going on to curative surgery; 1 patient with an initial PR went off study prior to confirmatory scan due to a non-treatment related event. All 5 PRs were associated with different KRAS mutation variants, including the most common that comprise nearly 80% of mutations in CRC. Eight of 11 (73%) patients demonstrated durable response ranging from 6 to >12 months, and 4 patients remain on treatment. Onvansertib in combination with FOLFIRI and bevacizumab is safe and well tolerated with only 9% of adverse events being grade 3 or 4 and all being resolved within 2.5 weeks. Of the 11 patients, 8 had previously received bevacizumab as first line treatment, including the 4 patients who remain on treatment.

Key News Releases

On September 17, 2020, we announced an electronic poster presentation of clinical data further demonstrating the safety, efficacy and durability of response of onvansertib in KRAS-mutated mCRC patients at the European Society of Medical Oncology ("ESMO") Virtual Congress 2020.

On June 9, 2020, we announced the initiation of our Expanded Access Program ("EAP") for onvansertib, in combination with standard-of-care FOLFIRI and bevacizumab, for second-line treatment of patients with KRAS-mutated metastatic colorectal cancer ("mCRC"). This announcement followed the FDA granting Fast Track Designation for onvansertib in KRAS-mutated mCRC.

mCRPC

TROV-053 is a Phase 2 study of onvansertib in combination with Zytiga® (abiraterone) and prednisone for the treatment of patients with metastatic castration resistant prostate cancer ("mCRPC").

The primary objective of this study is to observe the effects of onvansertib in combination with abiraterone and prednisone on disease control as assessed by prostate specific antigen ("PSA") decline or stabilization after 12 weeks of study treatment in patients with mCRPC showing early signs of resistance to abiraterone.

The rationale for this trial is based on the mechanism of action ("MOA") of onvansertib and Zytiga® and the synergy of these two drugs when used in combination. Onvansertib inhibits tumor cell division (mitosis) by inducing G2/M arrest of tumor cells and the combination of onvansertib and Zytiga® significantly increases mitotic arrest and is synergistic when used in combination. Additionally, PLK1 inhibition appears to enhance the efficacy of androgen signaling blockade in castration-resistant prostate cancer.

Data presented on October 20, 2020, at the 27th Annual Prostate Cancer Foundation ("PCF") Scientific Retreat, demonstrated the efficacy of onvansertib across all three cohorts of patients. The trial is on track to meet prespecified criteria for success on its primary endpoint, with 31% (8/26) disease control rate in evaluable patients in cohorts A and B. Two of three patients treated as of the data cutoff date in cohort C achieved the primary efficacy endpoint at 12 weeks. Recent collaborative studies with Massachusetts Institute of Technology ("MIT") and Decipher Biosciences suggest that prostate cancer patients with the clinically defined basal molecular tumor subtype may be more likely to respond to onvansertib being added to ongoing abiraterone therapy.

Key News Releases

On October 20, 2020, we announced an electronic poster presentation of clinical data further demonstrating the safety, efficacy and durability of response of onvansertib in patients with mCRPC at the 27th annual Prostate Cancer Foundation ("PCF") Scientific Retreat.

AML

TROV-052 is a Phase 2 Study of onvansertib in combination with standard-of-care chemotherapy, decitabine, for the treatment of patients with relapsed or refractory acute myeloid leukemia ("AML"). The Phase 1b portion of this trial was completed in the fourth quarter of 2019.

The objective of this trial is to evaluate the DLTs and MTD or RP2D of onvansertib (Phase 1b – completed in October 2019). In Phase 2, the objective is to assess the safety, tolerability and preliminary efficacy of the combination of onvansertib at

the RP2D and decitabine in patients with relapsed or refractory AML. Additionally, as a correlative objective, this trial is evaluating potential pharmacodynamic ("PD") and diagnostic biomarkers of onvansertib in patients with AML. We were granted Orphan Drug Designation ("ODD") for onvansertib for the treatment of AML from the FDA and the European Commission.

The rationale for this trial is based on the need for new and better therapeutic options for patients in the relapsed or refractory AML setting. Current treatment options are often limited by the patient's age and health status. Combination treatment with onvansertib and standard-of-care chemotherapy may provide a new safe and effective therapeutic option.

Data presented on June 12, 2020 at the European Hematology Association ("EHA") conference, demonstrated the safety and efficacy of onvansertib in patients. In the completed Phase 1b portion of this trial, the RP2D was established at onvansertib 60 mg/m^2. Onvansertib adverse events were primarily on-target hematological events, in accordance with the mechanism of action, and were reversible and manageable. Anti-leukemic activity was observed at a wide range of onvansertib dose levels (27 to 90 mg/m^2) and the complete response rate achieved in patients was 24% through all dose levels, and 31% at the 4 higher dose levels (27 to 90 mg/m^2). Decreases in mutant ctDNA after 1 cycle of treatment were highly predictive of clinical response and target engagement (biomarker positivity) in circulating blast cells was associated with a greater decrease in bone marrow blast cells. Phase 2 is enrolling patients and is ongoing.

Financial and Company Updates

Financial

On September 29, 2020 we announced pricing of an underwritten public offering of 6,500,000 shares of our common stock at a price of $13.50 per share. The underwriters had an option to purchase an additional 975,000 shares, which was exercised in the full. The offering was completed on October 2, 2020 and the gross proceeds were $100.9 million.

Company

On May 8, 2020 we changed our company name from Trovagene, Inc. to Cardiff Oncology, Inc., and our Nasdaq ticker symbol to 'CRDF.' The web address for the Cardiff Oncology website is www.cardiffoncology.com.

On May 8, 2020 Mark Erlander, PhD, assumed the role of Chief Executive Officer and Thomas Adams, PhD, transitioned from Chief Executive Officer and Chairman to Executive Chairman.

On April 22, 2020, we announced the election of three new independent Directors to our Board of Directors; Dr. James Armitage, Dr. Gary Pace and Ms. Lâle White. Each new Director brings extensive and relevant experience to our company.

Our accumulated deficit through September 30, 2020 is $224.9 million. To date, we have generated minimal revenues and expect to incur additional losses to perform further research and development activities.

Our drug development efforts are in their early stages, and we cannot make estimates of the costs or the time that our development efforts will take to complete, or the timing and amount of revenues related to the sale of our drugs. The risk of completion of any program is high because of the many uncertainties involved in developing new drug candidates to market, including the long duration of clinical testing, the specific performance of proposed products under stringent clinical trial protocols, extended regulatory approval and review cycles, our ability to raise additional capital, the nature and timing of research and development expenses, and competing technologies being developed by organizations with significantly greater resources.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of September 30, 2020.

Critical Accounting Policies

Our accounting policies are described in ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS of our Annual Report on Form 10-K as of and for the year ended December 31, 2019, filed with the SEC on February 27, 2020. There have been no changes to our critical accounting policies since December 31, 2019.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2020 and 2019

Revenues

Our total revenues consisted of the following:

	Three Months Ended September 30,		
	2020	2019	Increase (Decrease)
Royalties	$ 136,401	$ 51,687	$ 84,714
Services and other	—	—	—
Total revenues	$ 136,401	$ 51,687	$ 84,714

The increase in royalty income for the three months ended September 30, 2020 as compared to the prior period is primarily from fluctuations of our sales-based or usage-based royalties on other intellectual property licenses, unrelated to onvansertib. Revenue recognition of the royalty depends on the timing and overall sales activities of the licensees.

Research and Development Expenses

Research and development expenses consisted of the following:

	Three Months Ended September 30,		
	2020	2019	Increase (Decrease)
Salaries and staff costs	$ 412,154	$ 399,962	$ 12,192
Stock-based compensation	104,259	104,153	106
Clinical trials, outside services, and lab supplies	2,151,028	2,052,224	98,804
Facilities and other	187,371	262,485	(75,114)
Total research and development	$ 2,854,812	$ 2,818,824	$ 35,988

Research and development expenses increased by $35,988 for the three months ended September 30, 2020 compared to the same period in 2019. The overall increase in research and development expenses was primarily due to costs associated with clinical programs and outside service costs for three ongoing clinical trials related to the development of our lead drug candidate, onvansertib. Facilities and other decreased primarily due to decreased travel and conference expenses to present data related to our lead drug candidate, onvansertib. Due to COVID-19 presentation of data has transitioned to virtual conferences.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following:

	Three Months Ended September 30,		
	2020	2019	Increase (Decrease)
Salaries and staff costs	$ 519,883	$ 468,821	$ 51,062
Stock-based compensation	257,625	162,172	95,453
Outside services and professional fees	488,633	507,074	(18,441)
Facilities and other	378,070	302,272	75,798
Total selling, general and administrative	$ 1,644,211	$ 1,440,339	$ 203,872

Selling, general and administrative expenses increased by $203,872 for the three months ended September 30, 2020 compared to the same period in 2019. The significant components of the increase were primarily due to the increase in stock-based compensation, salaries and staff costs, facilities and other costs, partially offset by a reduction in outside services. The increase in stock-based compensation is primarily due to stock options granted in June 2020. The increase in salaries and staff

costs is primarily due to annual increases in salary and promotions. The increase in facilities and other cost was due to an increase in insurance costs for the three months ended September 30, 2020 as compared to the same period of 2019.

Interest Income

Interest income was $15,864 for the three months ended September 30, 2020 as compared to $53,700 for the same period of 2019. The decrease of interest income is primarily due to lower interest rates for three months ended September 30, 2020 as compared to the same period of 2019.

Change in Fair Value of Derivative Financial Instruments — Warrants

We have issued warrants that are accounted for as derivative liabilities. As of September 30, 2020, the derivative financial instruments—warrants liabilities were revalued to $190,199, resulting in an increase in value of $144,035 from June 30, 2020, based primarily upon the fluctuation in our stock price as well as the changes in the expected term, volatility, and risk-free interest rates for the expected term. The increase in value upon remeasurement at September 30, 2020 was recorded as a loss from the change in fair value of derivative financial instruments—warrants in the condensed statement of operations.

Net Loss

Net loss and per share amounts were as follows:

	Three Months Ended September 30,		
	2020	2019	Increase (Decrease)
Net loss attributable to common shareholders	$ (4,502,591)	$ (4,147,609)	$ 354,982
Net loss per common share — basic and diluted	$ (0.19)	$ (0.69)	$ (0.50)
Weighted average shares outstanding — basic and diluted	23,341,218	6,024,679	17,316,539

The $354,982 increase in net loss attributable to common shareholders was primarily the result of an increase of operating expenses and an increase in the loss recorded from the change in fair value of derivative financial instruments during the three months ended September 30, 2020, compared to the same period in the prior year. The $0.50 decrease in basic net loss per share was impacted by the increase in basic weighted average shares outstanding resulting primarily from the issuance of approximately 19.8 million shares of common stock and common stock equivalents from October 1, 2019 through September 30, 2020.

Nine Months Ended September 30, 2020 and 2019

Revenues

Our total revenues consisted of the following:

	Nine Months Ended September 30,		
	2020	2019	Increase (Decrease)
Royalties	$ 246,738	$ 150,560	$ 96,178
Services and other	—	1,495	(1,495)
Total revenues	$ 246,738	$ 152,055	$ 94,683

The increase in revenues for the nine months ended September 30, 2020 as compared to the prior period is primarily from fluctuations of our sales-based or usage-based royalties on other intellectual property licenses, unrelated to onvansertib. Revenue recognition of the royalty depends on the timing and overall sales activities of the licensees.

Research and Development Expenses

Research and development expenses consisted of the following:

	Nine Months Ended September 30,		
	2020	2019	Increase (Decrease)
Salaries and staff costs	$ 1,261,280	$ 1,183,901	$ 77,379
Stock-based compensation	251,212	300,291	(49,079)
Clinical trials, outside services, and lab supplies	5,933,212	6,115,127	(181,915)
Facilities and other	590,521	698,444	(107,923)
Total research and development	$ 8,036,225	$ 8,297,763	$ (261,538)

Research and development expenses decreased by $261,538 for the nine months ended September 30, 2020 compared to the same period in 2019. The overall decrease in research and development expenses was primarily due to costs associated with clinical programs and outside service costs for three ongoing clinical trials related to the development of our lead drug candidate, onvansertib. Facilities and other decreased primarily due to decreased travel and conference expenses to present data related to our lead drug candidate, onvansertib. Due to COVID-19 presentation of data has transitioned to virtual conferences.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following:

	Nine Months Ended September 30,		
	2020	2019	Increase (Decrease)
Salaries and staff costs	$ 1,565,021	$ 1,449,979	$ 115,042
Stock-based compensation	569,757	314,935	254,822
Outside services and professional fees	1,468,236	1,541,120	(72,884)
Facilities and other	1,196,443	937,456	258,987
Total selling, general and administrative	$ 4,799,457	$ 4,243,490	$ 555,967

Selling, general and administrative expenses increased by $555,967 for the nine months ended September 30, 2020 compared to the same period in 2019. The significant components of the increase were primarily due to the increase in stock-based compensation, salaries and staff costs, facilities and other costs, partially offset by a reduction in outside services. The increase in stock-based compensation is primarily due to stock options granted in June 2019 and June 2020. The increase in salaries and staff costs is primarily due to annual salary increases and promotions. The increase in facilities and other cost was due to an increase in insurance costs for the nine months ended September 30, 2020 as compared to the same period of 2019.

Interest Income and Expense

Interest income was $67,358 for the nine months ended September 30, 2020 as compared to $188,204 for the same period of 2019. The decrease of interest income is primarily due to lower interest rates for nine months ended September 30, 2020 as compared to the same period of 2019.

Change in Fair Value of Derivative Financial Instruments — Warrants

We have issued warrants that are accounted for as derivative liabilities. As of September 30, 2020, the derivative financial instruments—warrants liabilities were revalued to $190,199, resulting in an increase in value of $186,072 from December 31, 2019, based primarily upon the fluctuation in our stock price as well as the changes in the expected term, volatility, and risk-free interest rates for the expected term. The increase in value upon remeasurement at September 30, 2020 was recorded as a loss from the change in fair value of derivative financial instruments—warrants in the condensed statement of operations.

Net Loss

Net loss and per share amounts were as follows:

	Nine Months Ended September 30,		
	2020	2019	Increase (Decrease)
Net loss attributable to common shareholders	$ (15,994,289)	$ (12,458,072)	$ 3,536,217
Net loss per common share — basic and diluted	$ (1.00)	$ (2.40)	$ (1.40)
Weighted average shares outstanding — basic and diluted	15,941,665	5,180,221	10,761,444

The $3,536,217 increase in net loss attributable to common shareholders was primarily the result of an increase of $3.0 million attributable to the deemed dividends recognized on beneficial conversion features of convertible preferred stock issuances, an increase in the loss recorded from the change in fair value of derivative financial instruments, an increase in operating expense and a decrease in interest income, for the nine months ended September 30, 2020 compared to the same period in the prior year. The $1.40 decrease in basic net loss per share was impacted by the increase in basic weighted average shares outstanding resulting primarily from the issuance of approximately 19.8 million shares of common stock and common stock equivalents from October 1, 2019 through September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

The COVID-19 outbreak in the United States has caused business disruptions. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on our clinical trials, employees and vendors, all of which are uncertain and cannot be predicted. The economic effects of the outbreak could also have an adverse effect on our ability to raise additional capital. At this point, the extent to which COVID-19 may impact our future financial condition or results of operations is uncertain.

As of September 30, 2020, we had $36,405,432 in cash and cash equivalents. Net cash used in operating activities for the nine months ended September 30, 2020 was $11,191,025, compared to $9,990,636 for the nine months ended September 30, 2019. Our use of cash was primarily a result of the net loss of $12,709,625 for the nine months ended September 30, 2020, adjusted for non-cash items related to release of clinical trial funding commitment of $868,093, stock-based compensation of $820,969, and depreciation and amortization of $348,748. The net change in our operating assets and liabilities was $739,451 increasing cash used in operations. At our current and anticipated level of operating loss, we expect to continue to incur an operating cash outflow for the next several years.

Net cash used in investing activities was $153,784 during the nine months ended September 30, 2020, compared to $67,622 for the same period in 2019, which were for capital expenditures.

Net cash provided in financing activities was $37,554,949 during the nine months ended September 30, 2020, compared to $7,637,331 for the same period in 2019. Net cash provided in financing activities during the nine months ended September 30, 2020 was primarily from $18.3 million of proceeds from the sale of common stock, preferred stock and warrants and from $19.0 million of proceeds from the exercise of warrants. Net cash provided in financing activities during the nine months ended September 30, 2019 was primarily from $3.3 million of proceeds from the exercise of warrants and $4.4 million from the sale of common stock and warrants.

As of September 30, 2020, and December 31, 2019, we had working capital of $32,746,587 and $6,571,985, respectively.

We have incurred net losses since our inception and have negative operating cash flows. As of September 30, 2020, we had $36.4 million in cash and cash equivalents and we believe we have sufficient cash to meet our funding requirements for at least the next 12 months following the issuance date of these financial statements.

For the foreseeable future, the Company expects to continue to incur losses and require additional capital to further advance its clinical trial programs and support its other operations. The Company cannot be certain that additional funding will be available on acceptable terms, or at all. To the extent that the Company can raise additional funds by issuing equity securities, the Company’s stockholders may experience additional dilution. The economic effects of COVID-19 could also have an adverse effect on the Company's ability to raise additional capital.

Public Offerings

On October 2, 2020, we announced the completion of an underwritten public offering of 6,500,000 shares of our common stock at a price to the public of $13.50 per share. In addition, the underwriters exercised in full an option to purchase an additional 975,000 shares of common stock at the public offering price, less the underwriting discounts and commissions. All of the shares in the offering were sold by us, with gross proceeds of approximately $100.9 million and net proceeds of approximately $94.0 million, after deducting underwriting discounts and commissions and estimated offering expenses.

CONTRACTUAL OBLIGATIONS

For a discussion of our contractual obligations see (i) our Financial Statements and Notes to Financial Statements Note 10. *Commitments and Contingencies*, and (ii) Item 7 Management Discussion and Analysis of Financial Condition and Results of Operations — *Contractual Obligations and Commitments*, included in our Annual Report on Form 10-K as of December 31, 2019. There have been no material changes to our contractual obligations in our Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have performed an evaluation under the supervision and with the participation of our management, including our principal executive officer (CEO) and principal financial officer (VP, Finance), of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2020 to provide reasonable assurance that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all errors and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the three months ended September 30, 2020 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in our Form 10-K for the year ended December 31, 2019, except for the following.

The outbreak of the novel coronavirus disease, COVID-19, could materially adversely impact our business, results of operations and financial condition, including our clinical trials.

In January 2020, the World Health Organization declared the outbreak of COVID-19 as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The COVID-19 outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. We continue to monitor the impact of the COVID-19 outbreak closely. The extent to which the COVID-19 outbreak will impact our operations or financial results is uncertain.

The outbreak and government measures taken in response have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, has spiked, while demand for other goods and services, such as travel, has fallen. While the extent of the impact of the COVID-19 pandemic on our business and financial results is uncertain, a continued and prolonged public health crisis such as the COVID-19 pandemic could have a material adverse effect on our business, financial condition and results of operations. As a result of the COVID-19 pandemic, we may experience disruptions that could severely impact our business and clinical trials, including:

- delays or difficulties in enrolling and retaining patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site data monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others or interruption of clinical trial subject visits and study procedures (such as endoscopies that are deemed non-essential), which may impact the integrity of subject data and clinical study endpoints;
- interruption or delays in the operations of the FDA or other regulatory authorities, which may impact review and approval timelines;
- interruption of, or delays in receiving, supplies of our product candidate from our contract manufacturing organizations due to staffing shortages, production slowdowns or stoppages and disruptions in delivery systems;
- limitations on employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
- interruption or delays to our sourced clinical activities; and
- changes in clinical site procedures and requirements as well as regulatory requirements for conducting clinical trials during the pandemic.

We may be required to develop and implement additional clinical trial policies and procedures designed to help protect subjects from the COVID-19 virus. For example, in March 2020, the FDA issued guidance, which FDA subsequently updated, on conducting clinical trials during the pandemic, which describes a number of considerations for sponsors of clinical trials impacted by the pandemic, including the requirement to include in the clinical trial report contingency measures implemented to manage the trial, and any disruption of the trial as a result of the COVID-19 pandemic; a list of all subjects affected by the COVID-19 pandemic related study disruption by unique subject identifier and by investigational site and a description of how the individual's participation was altered; and analyses and corresponding discussions that address the impact of implemented contingency measures (e.g., participant discontinuation from investigational product and/or study, alternative procedures used to collect critical safety and/or efficacy data) on the safety and efficacy results reported for the trial.

The COVID-19 pandemic continues to revolve rapidly, with the status of operations and government restrictions evolving weekly. The extent to which the outbreak impacts our business and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

The ultimate impact of the COVID-19 pandemic on our business operations is highly uncertain and subject to change and will depend on future developments, which cannot be accurately predicted, including the duration of the pandemic, the ultimate geographic spread of the disease, additional or modified government actions, new information that will emerge concerning the severity and impact of COVID-19 and the actions taken to contain COVID-19 or address its impact in the short and long term, among others. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, our research programs, healthcare systems or the global economy. We will continue to monitor the situation closely.

In addition, our business could be materially adversely affected by other business disruptions to us or our third-party providers that could materially adversely affect our potential future revenue and financial condition and increase our costs and expenses. Our operations, and those of our contract research organizations ("CROs"), contract manufacturing organizations ("CMOs"), and other contractors, consultants and third parties could be subject to other global pandemics, earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could materially adversely affect our operations and financial condition and increase our costs and expenses. We rely on third-party manufacturers to produce and process our product candidate. Our ability to obtain clinical supplies of our product candidate could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption.

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

None**.**

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
1.1	Underwriting Agreement, dated September 29, 2020 (incorporated by reference to Exhibit 1.1 to the Company's Form 8-K filed on September 30, 2020).
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act.
31.2	Certification of Principal Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act.
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.
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.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 is formatted in Inline XBRL

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.

CARDIFF ONCOLOGY, INC.

November 5, 2020

By: /s/ Mark Erlander
Mark Erlander
Chief Executive Officer

CARDIFF ONCOLOGY, INC.

November 5, 2020

By: /s/ Brigitte Lindsay
Brigitte Lindsay
VP, Finance

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Mark Erlander, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cardiff Oncology, Inc. (the "Registrant");

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

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

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

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

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

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

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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.

November 5, 2020

/s/ Mark Erlander

Mark Erlander

Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Brigitte Lindsay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cardiff Oncology, Inc. (the "Registrant");

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

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

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

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

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

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

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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.

November 5, 2020

/s/ Brigitte Lindsay

Brigitte Lindsay

VP, Finance

Exhibit 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

In connection with the Quarterly Report of Cardiff Oncology, Inc. (the "Company") on Form 10-Q for the three months ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Erlander, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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 5, 2020

/s/ Mark Erlander
Mark Erlander
Chief Executive Officer

Exhibit 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

In connection with the Quarterly Report of Cardiff Oncology, Inc. (the "Company") on Form 10-Q for the three months ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brigitte Lindsay, VP, Finance of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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 5, 2020

/s/ Brigitte Lindsay
Brigitte Lindsay
VP, Finance