

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In Re. Lipella Pharmaceuticals, Inc.

§
§
§
§

Case No. 26-20879

Debtor(s)

☐ Jointly Administered

Monthly Operating Report

Chapter 11

Reporting Period Ended: 04/30/2026

Petition Date: 03/30/2026

Months Pending: 1

Industry Classification:

3	2	5	4
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Reporting Method:

Accrual Basis ☒

Cash Basis ☐

Debtor's Full-Time Employees (current):

6

Debtor's Full-Time Employees (as of date of order for relief):

6

Supporting Documentation (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☒ Statement of cash receipts and disbursements
- ☒ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☐ Statement of operations (profit or loss statement)
- ☐ Accounts receivable aging
- ☐ Postpetition liabilities aging
- ☐ Statement of capital assets
- ☐ Schedule of payments to professionals
- ☐ Schedule of payments to insiders
- ☒ All bank statements and bank reconciliations for the reporting period
- ☐ Description of the assets sold or transferred and the terms of the sale or transfer

/s/ Doug Johnston

Signature of Responsible Party

05/27/2026

Date

Doug Johnston

Printed Name of Responsible Party

P.O. Box 743, Mars, PS 16046

Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879

Part 1: Cash Receipts and Disbursements	Current Month	Cumulative
a. Cash balance beginning of month	\$684,191	
b. Total receipts (net of transfers between accounts)	\$2,078	\$2,078
c. Total disbursements (net of transfers between accounts)	\$124,183	\$124,183
d. Cash balance end of month (a+b-c)	\$562,086	
e. Disbursements made by third party for the benefit of the estate	\$0	\$0
f. Total disbursements for quarterly fee calculation (c+e)	\$124,183	\$124,183

Part 2: Asset and Liability Status (Not generally applicable to Individual Debtors. See Instructions.)	Current Month
a. Accounts receivable (total net of allowance)	\$0
b. Accounts receivable over 90 days outstanding (net of allowance)	\$0
c. Inventory (Book ☐ Market ☐ Other ☒ (attach explanation))	\$0
d. Total current assets	\$759,051
e. Total assets	\$765,065
f. Postpetition payables (excluding taxes)	\$68,238
g. Postpetition payables past due (excluding taxes)	\$0
h. Postpetition taxes payable	\$4,186
i. Postpetition taxes past due	\$0
j. Total postpetition debt (f+h)	\$72,424
k. Prepetition secured debt	\$0
l. Prepetition priority debt	\$35,000
m. Prepetition unsecured debt	\$469,138
n. Total liabilities (debt) (j+k+l+m)	\$576,562
o. Ending equity/net worth (e-n)	\$188,503

Part 3: Assets Sold or Transferred	Current Month	Cumulative
a. Total cash sales price for assets sold/transferred outside the ordinary course of business	\$0	\$0
b. Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	\$0	\$0
c. Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	\$0	\$0

Part 4: Income Statement (Statement of Operations) (Not generally applicable to Individual Debtors. See Instructions.)	Current Month	Cumulative
a. Gross income/sales (net of returns and allowances)	\$0	
b. Cost of goods sold (inclusive of depreciation, if applicable)	\$0	
c. Gross profit (a-b)	\$0	
d. Selling expenses	\$0	
e. General and administrative expenses	\$87,850	
f. Other expenses	\$18,060	
g. Depreciation and/or amortization (not included in 4b)	\$0	
h. Interest	\$0	
i. Taxes (local, state, and federal)	\$0	
j. Reorganization items	\$90,473	
k. Profit (loss)	\$-196,382	\$-201,222

Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879

Part 5: Professional Fees and Expenses

a.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
	Debtor's professional fees & expenses (bankruptcy) <i>Aggregate Total</i>		\$0	\$0	\$0	\$0
	<i>Itemized Breakdown by Firm</i>					
	Firm Name	Role				
i		Other	\$0	\$0	\$0	\$0
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iii						
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Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879

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b.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative	
	Debtor's professional fees & expenses (nonbankruptcy) <i>Aggregate Total</i>						
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i						
	ii						
	iii						
	iv						
	v						
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Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879

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Case No. 26-20879

Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879

	xcix						
	c						
c.	All professional fees and expenses (debtor & committees)						

Part 6: Postpetition Taxes**Current Month****Cumulative**

a.	Postpetition income taxes accrued (local, state, and federal)	\$0	\$0
b.	Postpetition income taxes paid (local, state, and federal)	\$0	\$0
c.	Postpetition employer payroll taxes accrued	\$4,186	\$4,186
d.	Postpetition employer payroll taxes paid	\$4,332	\$4,332
e.	Postpetition property taxes paid	\$0	\$0
f.	Postpetition other taxes accrued (local, state, and federal)	\$0	\$0
g.	Postpetition other taxes paid (local, state, and federal)	\$673	\$673

Part 7: Questionnaire - During this reporting period:

- a. Were any payments made on prepetition debt? (if yes, see Instructions) Yes ☐ No ☒
- b. Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions) Yes ☐ No ☒
- c. Were any payments made to or on behalf of insiders? Yes ☐ No ☒
- d. Are you current on postpetition tax return filings? Yes ☒ No ☐
- e. Are you current on postpetition estimated tax payments? Yes ☒ No ☐
- f. Were all trust fund taxes remitted on a current basis? Yes ☒ No ☐
- g. Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions) Yes ☐ No ☒
- h. Were all payments made to or on behalf of professionals approved by the court? Yes ☐ No ☐ N/A ☒
- i. Do you have:
- Worker's compensation insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 - Casualty/property insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 - General liability insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
- j. Has a plan of reorganization been filed with the court? Yes ☐ No ☒
- k. Has a disclosure statement been filed with the court? Yes ☐ No ☒
- l. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes ☒ No ☐

Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879

Part 8: Individual Chapter 11 Debtors (Only)

- | | | | |
|----|---|-------|-----|
| a. | Gross income (receipts) from salary and wages | _____ | \$0 |
| b. | Gross income (receipts) from self-employment | _____ | \$0 |
| c. | Gross income from all other sources | _____ | \$0 |
| d. | Total income in the reporting period (a+b+c) | _____ | \$0 |
| e. | Payroll deductions | _____ | \$0 |
| f. | Self-employment related expenses | _____ | \$0 |
| g. | Living expenses | _____ | \$0 |
| h. | All other expenses | _____ | \$0 |
| i. | Total expenses in the reporting period (e+f+g+h) | _____ | \$0 |
| j. | Difference between total income and total expenses (d-i) | _____ | \$0 |
| k. | List the total amount of all postpetition debts that are past due | _____ | \$0 |
- l. Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)? Yes ☐ No ☒
- m. If yes, have you made all Domestic Support Obligation payments? Yes ☐ No ☐ N/A ☒

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/ea/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.

/s/ Doug Johnston

Signature of Responsible Party

Chief Financial Officer of Debtor

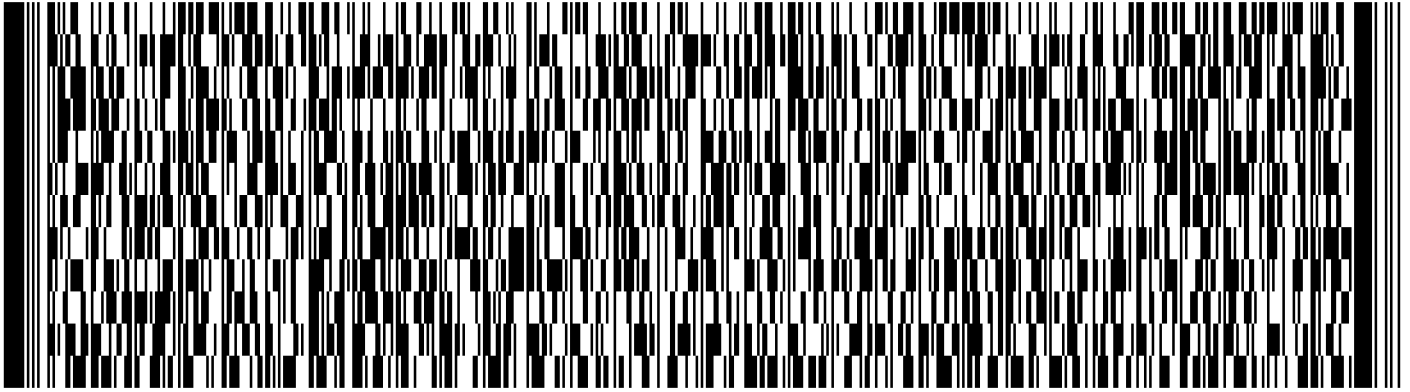
Title

Doug Johnston

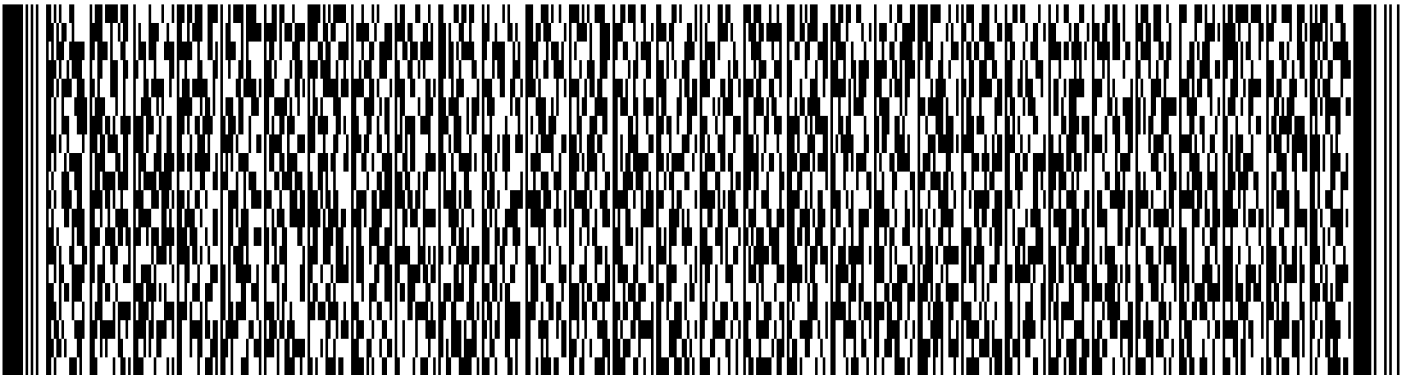
Printed Name of Responsible Party

05/27/2026

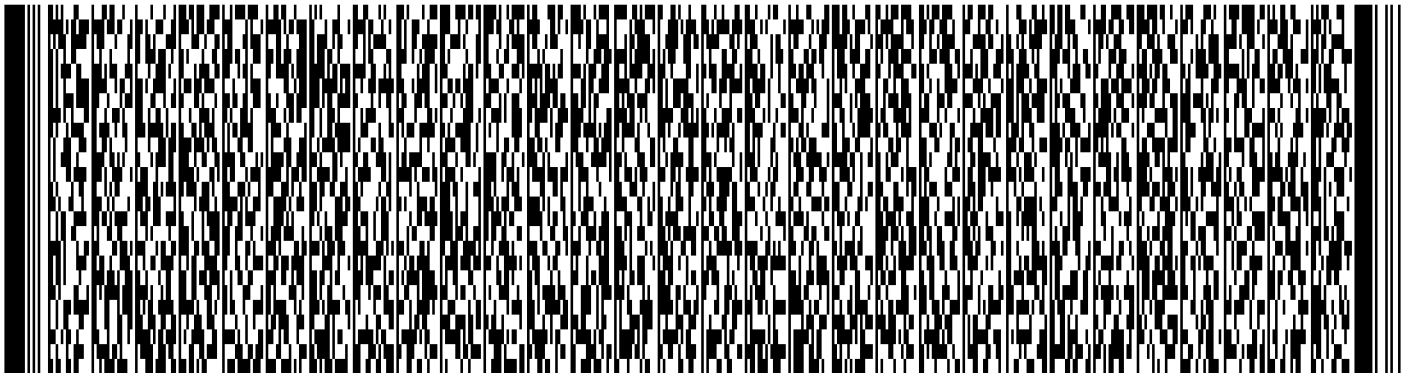
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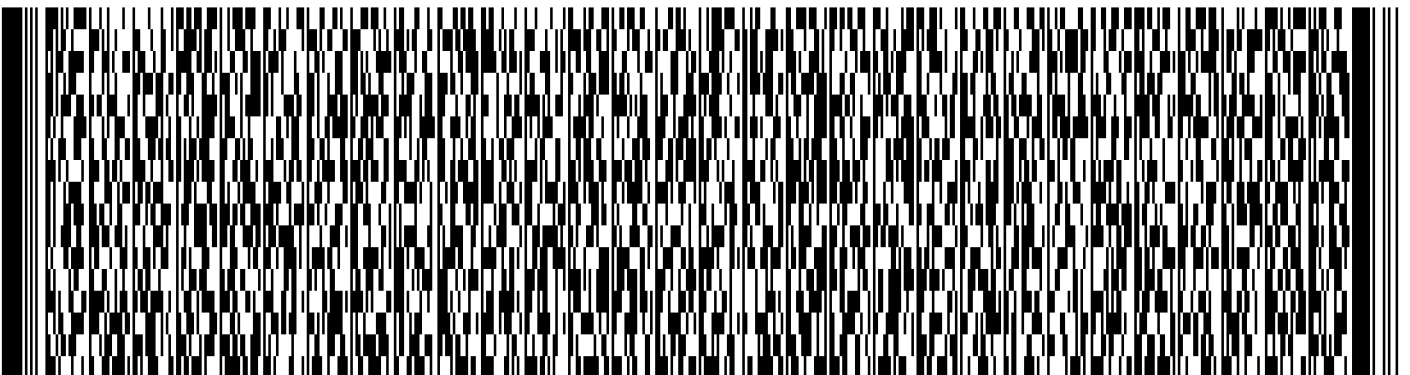
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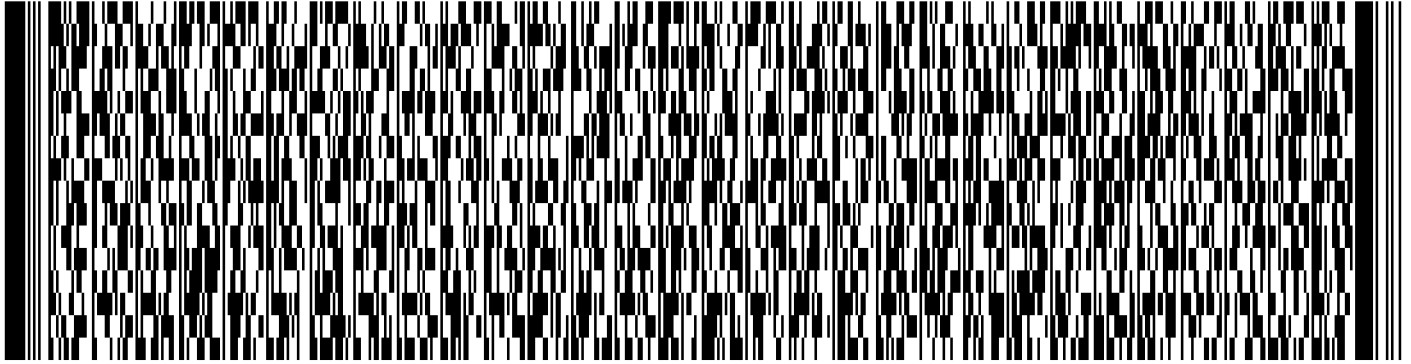
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Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879



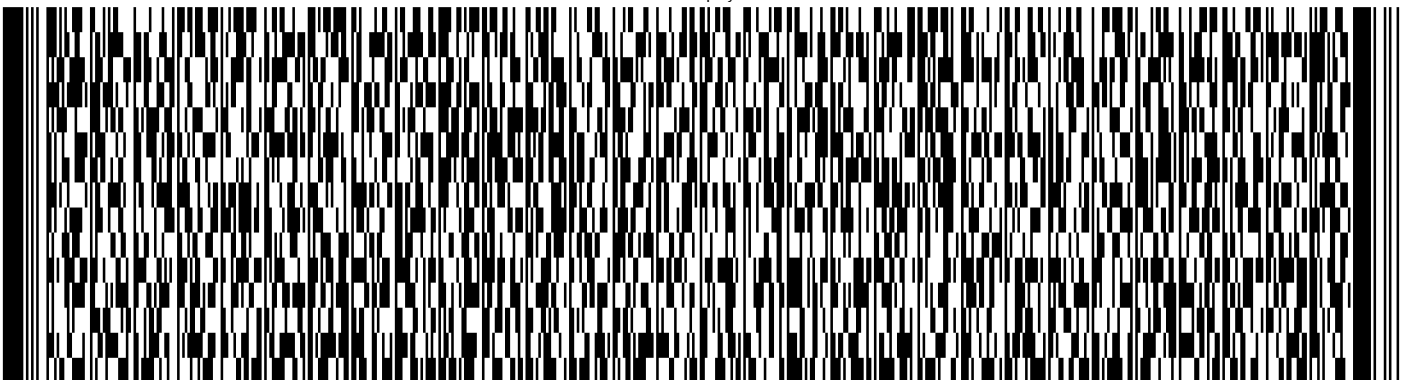
Bankruptcy1to50



Bankruptcy51to100



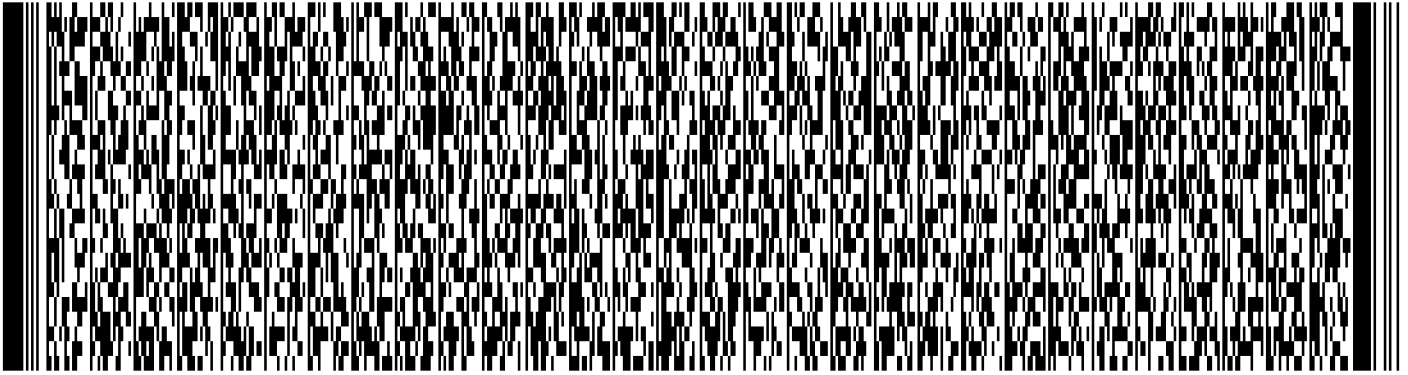
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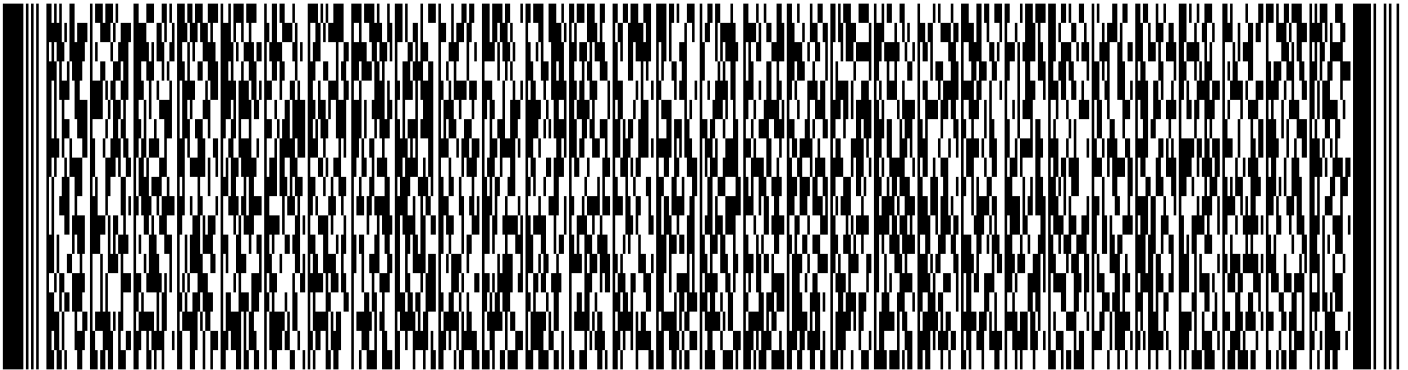
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Debtor's Name Lipella Pharmaceuticals, Inc.

Case No. 26-20879



PageThree



PageFour

Summary of Cash Receipts and Disbursements

For the period 3/30/2026 to 4/30/2026 ("Current Period")

	Current Period	Cumulative
Cash Beginning of Period (Book)	\$ 684,191	\$ 684,191
Receipts		
Interest income	\$ 2,078	\$ 2,078
Other	\$ -	\$ -
Total Receipts	\$ 2,078	\$ 2,078
Disbursements		
Rent	\$ 2,465	\$ 2,465
Payroll - wages & employer taxes	28,511	28,511
Payroll - 401K	8,534	8,534
Health insurance	9,107	9,107
Property & casualty insurance	11,017	11,017
Definiti (401K administration)	-	-
ECTD Submit (FDA matters)	-	-
Accounting software	-	-
Utilities	-	-
NATCO	-	-
Moving costs	650	650
Local Taxes	673	673
BDO Consulting Group LLC (1)	60,000	60,000
Tucker Arensburg LLP	-	-
D&O Insurance	-	-
Dataroom Fees	3,000	3,000
Bank Fees	227	227
UST Fees	-	-
Total Disbursements	\$ 124,183	\$ 124,183
Net Cash Flow	\$ (122,105)	\$ (122,105)
Cash End of Period (Book)	\$ 562,086	\$ 562,086
Reconciling items	\$ 9,086	\$ 9,086
Cash End of Period (Bank)	\$ 571,172	\$ 571,172

(1) Represents Retainer payments held in Escrow.

Balance Sheet

As at April 30, 2026

	<u>April 30, 2026</u>
Cash	\$ 562,086
Interest Receivable	-
Prepaid Expenses	114,121
Prepaid Retainers	82,844
Lease Accounting	(0)
PP&E	6,014
Total Assets	<u>\$ 765,065</u>
AP Pre-Filing	\$ 390,635
AP Post-Filing	1,459
Accrued Payroll (1)	180,327
Total Liabilities	<u>572,420</u>
Retained Earnings	\$ (20,523,143)
Paid Capital (2)	20,715,788
Total Equity	<u>\$ 192,645</u>
Total Liabilities and Equity	<u>\$ 765,065</u>

(1) Includes pre-petition wages and post-petition wages.

(2) Includes Paid in Capital, Preferred and Common Shares at book value.

(3) Equity per the MOR Table (P2) is calculated on a different basis as compared to the above.

Income Statement

For the period 3/30/2026 to 4/30/2026 ("Current Period")

	<u>Current Period</u>	<u>Cumulative</u>
Revenue	\$ -	\$ -
Cost of Sales	-	-
Gross Profit	<u>\$ -</u>	<u>\$ -</u>
Operating Expenses		
General & administrative	\$ 87,850	\$ 91,899
R&D	<u>18,060</u>	<u>18,851</u>
Total Operating Expenses	\$ 105,909	\$ 110,750
Non-operating income	-	-
Non-operating expenses	<u>90,473</u>	<u>90,473</u>
Total Income	\$ (196,382)	\$ (201,222)
Income tax expense	-	-
Net Income	<u>\$ (196,382)</u>	<u>\$ (201,222)</u>

Bank Reconciliation

For the period 4/30/2026 ("Current Period")

Bank Account Number	4/30 Book Balance	Reconciling Items			4/30 Bank Balance	ACTUAL 4/30 Bank Balance	variance
		Outstanding Checks	Deposits in Transit	Other Reconciling Items			
2648	\$ 562,086	\$ 9,086	0	0	\$ 571,172	\$ 571,172	\$ -
		\$ 8,738	Paychex - March wages to DJ that never arrived/lost mail				
		\$ 169	VERIZON WIRELESS (April phone bill)				
		\$ 152	DUQUESNE LIGHT (April electric bill)				
		\$ 27	PA Department of Revenue/ quarterly sales and use tax submission				
		\$ 9,086					

Accrued Payroll

As at 4/30/2026 ("Current Period")

Amount per Balance Sheet **\$ 180,327**

J. Kaufman

Pre-Filing	\$ 113,548	
Post-Filing	19,417	
Total	\$ 132,965	A

Others - Post-Petition

M. Gruber	\$ 9,167	
J. Okonski	11,000	
A. Houck	2,132	
K. Johnston	4,583	
D. Johnston	13,750	
Mar. 401K match	2,544	
Employer Tax Liability - April 30th	4,186	
Subtotal	\$ 47,362	\$ 47,362 B

Total Accrued Payroll	\$ 180,327	= A + B
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Total Post-Petition	\$ 66,779
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2648

LIPELLA PHARMACEUTICALS INC
DEBTOR IN POSSESSION
CASE NO. 26-20879-CMB
7800 SUSQUEHANNA ST STE 505
PITTSBURGH PA 15208-2156

Questions or comments?
Call our Key Business Resource Center
1-888-KEY4BIZ (1-888-539-4249)
Dial 711 for TTY/TRS

Enroll in Online Banking today at Key.com.

Access your available accounts, transfer funds and view your transactions right from your PC.

Notice of Amendments to our *Deposit Account Agreement and Funds Availability Policy* effective June 1, 2026.

What's Changing

We're amending **Section 25: Arbitration Provision**. Specifically, we're clarifying when arbitration does and does not apply to collection actions. Here's what we're adding to Section 25, paragraph 3: *In addition, notwithstanding this Arbitration Provision, collection actions against you for debts owed to us (e.g., on an overdrawn account) are not subject to this arbitration provision unless either (i) you request that we switch to arbitration, or (ii) you assert a Claim against us during a collection action and we then request a switch to arbitration.*

Key Business Reward Checking 2648
LIPELLA PHARMACEUTICALS INC
DEBTOR IN POSSESSION
CASE NO. 26-20879-CMB

Beginning balance 3-31-26	\$695,208.11
3 Additions	+2,078.21
17 Subtractions	-125,887.92
Net fees and charges	-226.55
Ending balance 4-30-26	\$571,171.85

Additions

Deposits	Date	Serial #	Source	
	4-2	372288	Wire Deposit	Lipella Pharmace 7475 \$2,077.92
	4-6	408625	Wire Deposit	Lipella Pharmace 7475 0.26
	4-20		Paychex Tps	Taxes 0.03
			Total additions	\$2,078.21

2648

Subtractions

Paper Checks

* check missing from sequence

Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
1274	4-22	\$6,381.90	1278	4-8	7,323.26	4521	4-15	650.00
1275	4-7	1,727.40	*4519	4-2	8,264.50	4522	4-27	673.03
*1277	4-13	3,641.82	4520	4-2	2,752.50			
Paper Checks Paid								\$31,414.41

Withdrawals	Date	Serial #	Location	
	4-6		Paychex Tps Taxes	\$11,129.03
	4-8		Upmc Health Planweb Pay	9,106.61
	4-9		Principal Life Pplic-Peris	6,481.02
	4-10		Paychex Eib Invoice	238.57
	4-13	491190	Wire Withdrawal Bdo Consulting G 0178	30,000.00
	4-13		Bridgeway Dev Debits	2,465.48
	4-23	629783	Wire Withdrawal Smartcloud, Llc 7189	3,000.00
	4-28	682513	Wire Withdrawal Bdo Consulting G 0178	30,000.00
	4-28		Principal Life Pplic-Peris	2,052.80
Total subtractions				\$125,887.92

Stop

payments

Number	Check Date	Amount	Issued	Expires
1276	4-7-26	\$8,737.87	4-28-26	10-28-26
0 - 9999999999			4-15-26	10-15-26
0 - 9999999999			4-15-26	10-15-26
0 - 9999999999			4-1-26	99-99-99
0 - 9999999999			4-1-26	99-99-99

All stop payments expire on date shown, unless you notify us.

Fees and charges

Date		Quantity	Unit Charge	
4-1-26	Stop Payment Charge	1	34.00	-\$34.00
4-8-26	Mar Keynav Corp Banking Statement	1	0.00	0.00
4-8-26	Mar Keynav Analysis Statement	1	0.00	0.00
4-8-26	Mar Orig ACH Credit Via Kbb Online	1	0.55	-0.55
4-8-26	Mar Kbbo Car Report Via E-Mail	1	0.00	0.00
4-8-26	Mar Kbbo ACH Monthly Fee	1	10.00	-10.00
4-8-26	Mar Keynav Domestic	3	25.00	-75.00
4-8-26	Mar Keynav Wire Maintenance	1	0.00	0.00
4-8-26	Mar Keynav In/Out Wire Rpt	1	0.00	0.00
4-8-26	Mar Keynav Online Access	1	5.00	-5.00
4-8-26	Mar Keynav Wire Package Fee	1	0.00	0.00
4-8-26	Mar Online Access Package	1	0.00	0.00
4-15-26	Stop Payment Charge	1	34.00	-34.00
4-15-26	Stop Payment Charge	1	34.00	-34.00



Business Banking Statement
April 30, 2026
page 3 of 4

2648

**Fees and
charges**
(con't)

<i>Date</i>		<i>Quantity</i>	<i>Unit Charge</i>	
4-28-26	Stop Payment Charge	1	34.00	-34.00
Fees and charges assessed this period				-\$226.55

page 4 of 4

4 List from your check register any checks or other deductions that are <i>not</i> shown on your statement.	Check # or Date		Amount	
	TOTAL →		\$	

5 List any deposits from your check register that are <i>not</i> shown on your statement.	Date		Amount	
	TOTAL →		\$	

6 Enter ending balance shown on your statement.	\$		

7 Add 5 and 6 and enter total here.	\$		

8 Enter total from 4.	\$		

9 Subtract 8 from 7 and enter difference here.	\$		

This amount should agree with your check register balance.			
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Inventory Disclosure

294 vials of LP-10 (which can be used for LP-10, LP-310, or LP-410) and 212 vials of placebo (lipid only)

When using the LP-10 vials for LP-310 (oral lichen plannus), 3 vials are used per subject for 4 weeks of treatment

This inventory still requires release testing (i.e. samples from each batch need to be tested to confirm sterility, drug content, lipid content, and level of residual solvent)

The above inventory items do not meet the criteria for GAAP in terms of balance sheet value.

However, have been disclosed herein for information purposes.
