

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2026

OR

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

For the transition period from _____ to _____

Commission File Number 001-38174

Citius Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

27-3425913

(IRS Employer
Identification No.)

11 Commerce Drive, First Floor, Cranford, NJ

(Address of principal executive offices)

07016

(Zip Code)

(908) 967-6677

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, \$0.001 par value	CTXR	Nasdaq Capital Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 May 14, 2026, there were 27,452,570 shares of common stock, \$0.001 par value, of the registrant issued and outstanding.

Citius Pharmaceuticals, Inc.
FORM 10-Q

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EXPLANATORY NOTE

In this Quarterly Report on Form 10-Q, and unless the context otherwise requires, the “Company,” “Citius Pharma,” “we,” “us,” and “our” refer to Citius Pharmaceuticals, Inc. and its wholly-owned subsidiary Leonard-Meron Biosciences, Inc., and its majority-owned subsidiaries, Citius Oncology, Inc. (Nasdaq: CTOR) (“Citius Oncology”) and NoveCite, Inc., taken as a whole.

Mino-Lok® is our registered trademark and LYMPHIR™ (denileukin diftitox) is a registered trademark of Citius Oncology. All other trade names, trademarks and service marks appearing in this quarterly report are the property of their respective owners. We have assumed that the reader understands that all such terms are source-indicating. Accordingly, such terms, when first mentioned in this report, appear with the trade name, trademark or service mark notice and then throughout the remainder of this report without trade name, trademark or service mark notices for convenience only and should not be construed as being used in a descriptive or generic sense.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements.” Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors discussed from time to time in this Report and in other documents which we file with the Securities and Exchange Commission (the “SEC”). In addition, such statements could be affected by risks and uncertainties related to:

- our independent registered public accounting firm’s report includes an explanatory paragraph stating that there is substantial doubt about our ability to continue as a going concern;
- our need for substantial additional funds and our ability to raise those funds;
- our ongoing evaluation of strategic alternatives;
- our ability to regain compliance with the continued listing requirements of the Nasdaq Stock Market LLC (“Nasdaq”);
- the ability of Citius Oncology to commercialize LYMPHIR, including covering the costs of licensing payments, product manufacturing and other third-party goods and services;
- our ability to recognize the anticipated benefits of the August 2024 reverse merger whereby Citius Oncology became a standalone publicly-traded company and our majority-owned subsidiary (the “Merger”), which may not be realized fully, if at all, or may take longer to realize than expected;
- our ability to obtain regulatory approval for and successfully commercialize Mino-Lok;
- the cost, timing, and results of our pre-clinical and clinical trials for our other product candidates;
- our ability to apply for, obtain and maintain required regulatory approvals for our other product candidates;
- the estimated markets for LYMPHIR, Mino-Lok or any of our future product candidates and the acceptance thereof by any market;
- our ability to obtain, perform under and maintain financing and strategic agreements and relationships;
- the commercial feasibility and success of our technology and our product candidates;
- our ability to recruit and retain qualified management and technical personnel to carry out our operations; and
- the other factors discussed in the “Risk Factors” section of our most recent Annual Report on Form 10-K for the fiscal year ended September 30, 2025, filed with the SEC on December 23, 2025, as amended on January 28, 2026.

Any forward-looking statements speak only as of the date on which they are made, and except as may be required under applicable securities laws, we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the filing date of this Report.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

**CITIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	<u>March 31,</u> <u>2026</u>	<u>September 30,</u> <u>2025</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,590,174	\$ 4,252,290
Accounts receivable, net of allowances	1,079,055	-
Inventory	22,659,590	22,286,693
Prepaid expenses	3,356,882	1,395,490
Total Current Assets	<u>31,685,701</u>	<u>27,934,473</u>
Operating lease right-of-use asset, net	794,518	818,694
Deposits	38,062	38,062
In-process research and development, net of accumulated amortization	90,506,250	92,800,000
Deferred financing costs	169,252	-
Goodwill	9,346,796	9,346,796
Total Other Assets	<u>100,060,360</u>	<u>102,184,858</u>
Total Assets	<u>\$ 132,540,579</u>	<u>\$ 130,938,025</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 9,453,803	\$ 13,693,692
License payable	17,650,000	22,650,000
Accrued expenses	24,138,264	4,190,253
Accrued compensation	3,602,007	3,292,447
Note payable	-	1,000,000
Operating lease liability	171,495	88,348
Total Current Liabilities	<u>55,015,569</u>	<u>44,914,740</u>
Deferred tax liability	7,803,790	7,770,760
Operating lease liability – noncurrent	636,667	724,925
Total Liabilities	<u>63,456,026</u>	<u>53,410,425</u>
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock - \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock - \$0.001 par value; 250,000,000 shares authorized; 22,376,427 and 18,067,744 shares issued and outstanding at March 31, 2026 and September 30, 2025, respectively	22,376	18,068
Additional paid-in capital	329,775,214	306,336,239
Accumulated deficit	(268,256,054)	(238,804,129)
Total Citius Pharmaceuticals, Inc. Stockholders' Equity	<u>61,541,536</u>	<u>67,550,178</u>
Non-controlling interest	7,543,017	9,977,422
Total Equity	<u>69,084,553</u>	<u>77,527,600</u>
Total Liabilities and Equity	<u>\$ 132,540,579</u>	<u>\$ 130,938,025</u>

See notes to unaudited condensed consolidated financial statements.
Reflects a 1-for-25 reverse stock split effective November 25, 2024.

CITIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2026 AND 2025
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Revenues	\$ 1,667,298	\$ —	\$ 5,611,409	\$ —
Cost of revenues	(328,878)	—	(1,118,086)	—
Gross Profit	<u>1,338,420</u>	<u>—</u>	<u>4,493,323</u>	<u>—</u>
Operating Expenses				
Research and development	1,633,518	3,766,525	3,233,237	5,893,563
Amortization of in-process research and development	1,720,312	—	2,293,750	—
General and administrative	26,391,101	4,792,122	32,111,828	10,179,874
Stock-based compensation – general and administrative	3,788,275	2,702,031	8,068,502	5,226,855
Total Operating Expenses	<u>33,533,206</u>	<u>11,260,678</u>	<u>45,707,317</u>	<u>21,300,292</u>
Operating Loss	<u>(32,194,786)</u>	<u>(11,260,678)</u>	<u>(41,213,994)</u>	<u>(21,300,292)</u>
Other Income (Expense)				
Interest income	53,584	13,413	98,681	36,021
Gain on sale of New Jersey net operating losses	3,833,277	—	3,833,277	—
Interest expense	(33,031)	—	(188,569)	—
Total Other Income, Net	<u>3,853,830</u>	<u>13,413</u>	<u>3,743,389</u>	<u>36,021</u>
Loss before Income Taxes	(28,340,956)	(11,247,265)	(37,470,605)	(21,264,271)
Income tax expense (benefit)	(231,210)	264,240	33,030	528,480
Net Loss	(28,109,746)	(11,511,505)	(37,503,635)	(21,792,751)
Net loss attributable to non-controlling interest	6,878,606	595,000	8,051,710	1,108,000
Net loss applicable to common stockholders	<u>\$ (21,231,140)</u>	<u>\$ (10,916,505)</u>	<u>\$ (29,451,925)</u>	<u>\$ (20,684,751)</u>
Net Loss Per Share - Basic and Diluted	<u>\$ (0.95)</u>	<u>\$ (1.27)</u>	<u>\$ (1.34)</u>	<u>\$ (2.58)</u>
Weighted Average Common Shares Outstanding				
Basic and diluted (includes pre-funded warrants from the October 2025 offering)	<u>22,376,427</u>	<u>8,581,207</u>	<u>21,931,009</u>	<u>8,029,834</u>

See notes to unaudited condensed consolidated financial statements.
Reflects a 1-for-25 reverse stock split effective November 25, 2024.

CITIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2026 AND 2025
(Unaudited)

	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Citius Pharmaceuticals, Inc. Stockholders' Equity	Non- Controlling Interest	Total Equity
	-	Shares	Amount					
Balance, September 30, 2025	-	18,067,744	\$ 18,068	\$306,336,239	\$(238,804,129)	\$ 67,550,178	\$ 9,977,422	\$ 77,527,600
Issuance of common stock, net of costs of \$13,042	-	252,137	252	349,002	-	349,254	-	349,254
October 2025 sale of common stock and pre-funded warrants, net of costs of \$75,868	-	1,460,000	1,460	5,401,471	-	5,402,931	-	5,402,931
December 2025 sale of common stock and pre-funded warrants by Citius Oncology, net of costs of \$2,872,989	-	-	-	11,258,682	-	11,258,682	3,866,807	15,125,489
Issuance of common stock upon exercise of pre-funded warrants	-	2,513,510	2,513	(2,262)	-	251	-	251
Issuance of common stock for services	-	83,036	83	107,427	-	107,510	-	107,510
Issuance of common stock warrant for note payable extension	-	-	-	68,597	-	68,597	-	68,597
Stock-based compensation expense	-	-	-	3,441,544	-	3,441,544	838,683	4,280,227
Net loss	-	-	-	-	(9,393,889)	(9,393,889)	-	(9,393,889)
Net loss attributable to non-controlling interest	-	-	-	-	1,173,104	1,173,104	(1,173,104)	-
Balance, December 31, 2025	-	22,376,427	22,376	326,960,700	(247,024,914)	79,958,162	13,509,808	93,467,970
Proceeds from exercise of Citius Oncology pre-funded warrants	-	-	-	818	-	818	-	818
December 2025 offering costs	-	-	-	(62,764)	-	(62,764)	-	(62,764)
Stock-based compensation expense	-	-	-	2,876,460	-	2,876,460	911,815	3,788,275
Net loss	-	-	-	-	(28,109,746)	(28,109,746)	-	(28,109,746)
Net loss attributable to non-controlling interest	-	-	-	-	6,878,606	6,878,606	(6,878,606)	-
Balance March 31, 2026	-	22,376,427	\$ 22,376	\$329,775,214	\$(268,256,054)	\$ 61,541,536	\$ 7,543,017	\$ 69,084,553
Balance, September 30, 2024	-	7,247,243	\$ 7,247	\$271,440,421	\$(201,370,218)	\$ 70,077,450	\$ 4,024,380	\$ 74,101,830
Sale of common stock, net of costs of \$425,949	-	480,000	480	2,573,571	-	2,574,051	-	2,574,051
Stock-based compensation expense	-	-	-	2,524,824	-	2,524,824	-	2,524,824
Net loss	-	-	-	-	(10,281,246)	(10,281,246)	-	(10,281,246)
Net loss attributable to non-controlling interest	-	-	-	-	513,000	513,000	(513,000)	-
Balance, December 31, 2024	-	7,727,243	7,727	276,538,816	(211,138,464)	65,408,079	3,511,380	68,919,459
Issuance of common stock, net of costs	-	1,033,406	1,034	3,464,773	-	3,465,807	-	3,465,807
Stock-based compensation expense	-	-	-	2,702,031	-	2,702,031	-	2,702,031
Net loss	-	-	-	-	(11,511,505)	(11,511,505)	-	(11,511,505)
Net loss attributable to non-controlling interest	-	-	-	-	595,000	595,000	(595,000)	-
Balance, March 31, 2025	-	8,760,649	\$ 8,761	\$282,705,620	\$(222,054,969)	\$ 60,659,412	\$ 2,916,380	\$ 63,575,792

See notes to unaudited condensed consolidated financial statements.
Reflects a 1-for-25 reverse stock split effective November 25, 2024.

CITIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2026 AND 2025
(Unaudited)

	<u>2026</u>	<u>2025</u>
Cash Flows From Operating Activities:		
Net loss	\$ (37,503,635)	\$ (21,792,751)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	8,068,502	5,226,855
Issuance of common stock for services	107,510	-
Issuance of common stock warrant	68,597	-
Amortization of in-process research and development	2,293,750	-
Amortization (accretion) of operating lease right-of-use asset	24,176	110,845
Deferred income tax expense	33,030	528,480
Changes in operating assets and liabilities:		
Accounts receivable, net of allowances	(1,079,055)	-
Inventory	(372,897)	(7,070,487)
Prepaid expenses	(1,961,392)	(308,791)
Accounts payable	(4,239,889)	4,441,023
Accrued expenses	19,948,011	8,762,217
Accrued compensation	309,560	955,048
Operating lease liability	(5,111)	(117,767)
Net Cash Used In Operating Activities	<u>(14,308,843)</u>	<u>(9,265,328)</u>
Cash Flows From Investing Activities:		
License fee payments	(5,000,000)	—
Net Cash Used in Investing Activities	<u>(5,000,000)</u>	<u>—</u>
Cash Flows From Financing Activities:		
Repayment of note payable	(1,000,000)	—
Deferred financing costs	(169,252)	—
Proceeds from exercise of Citius Oncology pre-funded warrants	818	—
Net proceeds from common stock offerings	20,815,161	6,039,858
Net Cash Provided By Financing Activities	<u>19,646,727</u>	<u>6,039,858</u>
Net Change in Cash and Cash Equivalents	337,884	(3,225,470)
Cash and Cash Equivalents - Beginning of Period	4,252,290	3,251,880
Cash and Cash Equivalents - End of Period	<u>\$ 4,590,174</u>	<u>\$ 26,410</u>
Supplemental Disclosures of Cash Flow Information and Non-cash Transactions:		
Interest paid	\$ 105,310	\$ —
Operating lease right-of-use asset and liability recorded	<u>\$ —</u>	<u>\$ 786,697</u>

See notes to unaudited condensed consolidated financial statements.

CITIUS PHARMACEUTICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2026 AND 2025
(Unaudited)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Citius Pharmaceuticals, Inc. (“Citius Pharma,” and together with its subsidiaries, the “Company”, “we” or “us”) is a late-stage biopharmaceutical company dedicated to the development and commercialization of first-in-class critical care products with a focus on oncology, anti-infectives in adjunct cancer care, unique prescription products and stem cell therapies.

On March 30, 2016, Citius Pharma acquired Leonard-Meron Biosciences, Inc. (“LMB”) as a wholly-owned subsidiary. We acquired all the outstanding stock of LMB by issuing shares of our common stock. The net assets acquired included identifiable intangible assets of \$19,400,000 related to in-process research and development. We recorded goodwill of \$9,346,796 for the excess of the purchase price over the net assets acquired.

On September 11, 2020, we formed NoveCite, Inc. (“NoveCite”), a Delaware corporation, of which we own 75% of the issued and outstanding capital stock (see Note 7).

On August 23, 2021, we formed Citius Oncology, Inc. (“Citius Oncology”), as a wholly-owned subsidiary in conjunction with the acquisition of LYMPHIR, which began operations in April 2022. On August 12, 2024, Citius Pharma and Citius Oncology entered into a merger agreement with TenX Keane Acquisition, and its wholly owned subsidiary, TenX Merger Sub Inc (“Merger Sub”), whereby Merger Sub merged with and into Citius Oncology. After the merger and recapitalization (the “Merger”), the newly combined publicly traded company was owned 92.3% by Citius Pharma, and is named “Citius Oncology, Inc.” (Nasdaq: CTOR). As of March 31, 2026, Citius Pharma owned approximately 71% of Citius Oncology.

Since our inception, we have devoted substantially all our efforts to business planning, research and development, recruiting management and technical staff, and raising capital. We are subject to a number of risks common to companies in the pharmaceutical industry including, but not limited to, the Company’s ability to obtain additional financing, risks related to the development by the Company or its competitors of research and development stage products, regulatory approval and market acceptance of its products, competition from larger companies, dependence on key personnel, dependence on key suppliers and strategic partners and the Company’s compliance with governmental and other regulations.

Basis of Presentation and Summary of Significant Accounting Policies

Basis of Preparation - The accompanying unaudited condensed consolidated financial statements include the operations of Citius Pharmaceuticals, Inc., its wholly-owned subsidiary LMB and its majority-owned subsidiaries NoveCite and Citius Oncology. On August 12, 2024, Citius Oncology, previously a wholly-owned subsidiary, became a majority-owned subsidiary. As of March 31, 2026, Citius Oncology was approximately a 71% majority-owned subsidiary.

The operations of NoveCite and Citius Oncology are included in the consolidated results. The portion of equity that is not attributable to the Company is presented as a non-controlling interest within stockholders’ equity. Unless excluded by shareholder agreements, the portion of net loss attributable to non-controlling interests is included in the statement of operations. All significant inter-company balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to fairly state the condensed consolidated financial position of the Company as of March 31, 2026, and the results of its operations and cash flows for the three and six months ended March 31, 2026 and 2025. The operating results for the three and six months ended March 31, 2026 are not necessarily indicative of the results that may be expected for the year ending September 30, 2026. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2025 filed with the Securities and Exchange Commission ("SEC") on December 23, 2025, as amended on January 28, 2026.

Use of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates having relatively higher significance include the accounting for revenue recognition, in-process research and development, stock-based compensation, net realizable value of inventory and income taxes. Actual results could differ from those estimates and changes in estimates may occur.

Basic and Diluted Net Loss per Common Share - Basic and diluted net loss per common share applicable to common stockholders is computed by dividing net loss applicable to common stockholders in each period by the weighted average number of shares of common stock outstanding during such period. For the periods presented, common stock equivalents, consisting of stock options and warrants, were not included in the calculation of the diluted loss per share because they were anti-dilutive, with pre-funded warrants being included in the loss per share.

Recently Issued Accounting Standards

Other than as disclosed in our Form 10-K, we are not aware of any other recently issued accounting standards not yet adopted that may have a material impact on our financial statements.

2. GOING CONCERN UNCERTAINTY AND MANAGEMENT'S PLAN

The accompanying unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We incurred a net loss of \$37,503,635 for the six months ended March 31, 2026. The Company experienced negative cash flows from operations of \$14,308,843 for the six months ended March 31, 2026. At March 31, 2026, the Company had \$4,590,174 in cash and a negative working capital of approximately \$23.3 million.

On April 24, 2026, Citius Pharma closed a registered direct offering for the sale of 5,076,143 shares of common stock (or pre-funded warrants in lieu thereof) at a purchase price of \$0.985 per share (or pre-funded warrant in lieu thereof). Gross proceeds were approximately \$5.0 million, before deducting the placement agent fees and expenses (See Note 13).

On May 5, 2026, Citius Oncology received gross proceeds of approximately \$11.5 million from the inducement exercise of certain warrants (See Note 13).

In addition, Citius Oncology entered into a loan agreement for up to \$25.0 million, with \$10.0 million funded on May 6, 2026, up to \$7.0 million available on the later of (A) the date on which certain net revenue and liquidity milestones are achieved and (B) October 1, 2026, and continuing through December 31, 2026, and up to \$8.0 million available beginning on the later of (A) the date on which certain additional net revenue milestones are achieved and (B) January 1, 2027, and continuing through March 31, 2027. The loans bear interest at the greater of the prime rate plus 6% or 12.75%. The loans are secured by an interest in all of Citius Oncology's assets, including intellectual property, subject to agreed exceptions. The maturity date of the loans is November 1, 2029 (See Note 13).

The Company estimates that its and Citius Oncology's collective available cash resources will be sufficient to fund our operations through November 2026. We will need to raise additional capital in the future to support our operations beyond November 2026, which raises substantial doubt about the Company's ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements are issued.

The Company is currently engaged in capital raising initiatives, as well as separate capital raising initiatives through its approximately 71% owned subsidiary Citius Oncology, in an effort to extend its cash runway. Citius Oncology also has retained Jefferies LLC as its exclusive financial advisor in evaluating strategic alternatives aimed at maximizing shareholder value.

The Company has generated limited operating revenue, which commenced in December 2025, and has principally raised capital through the issuance of debt and equity instruments to finance its operations. However, the Company's continued operations beyond November 2026, including its development plans for Mino-Lok, Halo-Lido and NoveCite, will depend on its ability to obtain regulatory approval for Mino-Lok and generate substantial revenue from the sale of LYMPHIR and on its ability to raise additional capital through various potential sources, such as equity and/or debt financings, strategic relationships, or out-licensing of its product candidates. However, the Company can provide no assurances on regulatory approval, commercialization, or future sales of LYMPHIR or that financing or strategic relationships will be available on acceptable terms, or at all. If the Company is unable to raise sufficient capital, find strategic partners or generate substantial revenue from the sale of LYMPHIR, there would be a material adverse effect on its business. Further, the Company expects in the future to incur additional expenses as it continues to develop its product candidates, including seeking regulatory approval, and protecting its intellectual property. The accompanying financial statements do not include any adjustments that might result from the outcome of the above uncertainty.

3. REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

Revenue Recognition

We recognize revenue in accordance with the provisions of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. In determining the appropriate amount and timing of revenue to be recognized under this guidance, we perform the following five steps: (i) identify the contract(s) with our customer; (ii) identify the promised goods or services in the agreement and determine whether they are performance obligations, including whether they are distinct in the context of the agreement; (iii) measure the transaction price, including the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations based on stand-alone selling prices; and (v) recognize revenue when (or as) we satisfy each performance obligation. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We distribute LYMPHIR in the U.S. through third party specialty distributors who are our customers. The third-party specialty distributors subsequently resell our product to health care providers, hospitals and infusion centers. Separately, we have or may enter into payment arrangements with various third-party's including government healthcare programs who provide coverage and or reimbursement for our product that have been prescribed to a patient.

Net Revenues

We recognize net revenue from LYMPHIR sales, net of variable consideration and consideration payable to parties other than our customers consisting of estimates related to allowances for sales returns, government chargebacks, patient coupon programs, and specialty distributor fees. Revenue is generally recognized when the customer obtains control of the Company's product, which occurs at a point in time, upon delivery based on the contractual shipping terms of a contract.

We estimate variable consideration using the expected value method, constrained to amounts for which it is probable that a significant reversal of cumulative revenue will not occur when uncertainties are resolved. Calculating certain of these items involves estimates and judgments based on sales or invoice data, contractual terms, historical or expected utilization rates, new information regarding changes in applicable regulations and guidelines that would impact the amount of the actual allowance and our expectations regarding future utilization rates and channel inventory data. We will review the adequacy of our provisions for all gross-to-net adjustments on a quarterly basis. Amounts reserved for these adjustments are made when trends or significant events indicate that adjustment is appropriate reflecting actual experience.

The Company elected the practical expedient in ASC 606-10-32-18 and does not assess whether a significant financing component exists for contracts in which payment is expected within one year. No other practical expedients were applied.

Gross-to-Net Adjustments

Specialty Distributor Fees

We pay fees for distribution services, such as fees for certain data that customers provide us. We expect our customers will earn these fees and accordingly deduct these fees from gross product sales and accounts receivable at the time we recognize the related revenues.

Product Returns

Customers have the right to return products if they are damaged, defective, or expired, or as it is defined in their customer agreement. We have estimated product returns based on the experience of similar products in the market, and will continue to estimate returns based on our actual returns, sales data, and inventory levels in the distribution channel. These estimates are recorded as a reduction against gross product sales at the time of the sales.

Chargebacks

Chargebacks will occur when federal agencies who we contract with, or may contract with, can purchase off the Federal Supply Schedule or when Public Health Service 340B covered entities purchase directly from our customers at discounted prices. Our customers then charge us the difference between their purchase price and the discounted price. We estimate chargebacks considering the terms of the applicable arrangement and our visibility regarding utilization. These chargebacks are recorded in the same period as the related revenue, as a reduction against gross product sales and accounts receivable.

Co-payment Assistance

We offer co-payment assistance to patients with commercial insurance that have coverage and are allowed such co-payment assistance. We estimate the average co-payment assistance amounts for our products based on expected customer utilization and record any such amounts as a reduction from gross product revenue at the time of sale. The Company has deposited the estimated co-payment assistance reflected and included in the gross-to-net adjustments.

	Three Months Ended March 31, 2026	Six Months Ended March 31, 2026
Gross Product Revenue	\$ 2,003,760	\$ 6,882,480
Gross-to-net adjustments:	336,462	1,271,071
Net Revenue	<u>\$ 1,667,298</u>	<u>\$ 5,611,409</u>

Accounts receivable, net

Accounts receivable, net is stated at amounts invoiced less allowances for distributor fees, chargebacks, and estimated returns. At March 31, 2026, these sales allowances totaled \$837,585. On a periodic basis, the Company evaluates its accounts receivable to establish an allowance for doubtful accounts. The allowance reflects our current estimate of credit losses expected to occur over the life of the receivable. In developing our allowance for expected credit losses, we use assumptions to capture the risk of loss, even if remote, based on a number of factors including existing contractual payment terms, individual customer circumstances, historical payment patterns of our customers, a review of the local economic environment and its potential impact on expected future customer payment patterns. Our collection risk is mitigated to a certain extent by the fact that sales are collected in a reasonable period of time, allowing for the ability to reduce exposure on defaults if collection issues are identified. We update our allowance as necessary to reflect expected credit losses over the remaining accounts receivable that are past due. We do not currently expect our current or future exposures to credit losses to have a significant impact on us. The estimated allowance for expected credit losses was \$0 as of March 31, 2026.

4. INVENTORY

Inventory is stated at the lower of actual accumulated costs or net realizable value related to the manufacturing of LYMPHIR commercial products, which became available for sale in December 2025. Cost is determined using the first-in, first-out (FIFO) method. No reserves against inventory were deemed necessary based on an evaluation of the product expiration dating. A summary of inventory is as follows:

	March 31, 2026	September 30, 2025
Finished goods	\$ 15,707,625	\$ 10,577,876
Work in process	6,951,965	11,708,817
Total	\$ 22,659,590	\$ 22,286,693

Cost of Goods Sold

Cost of goods sold consists of direct and indirect costs associated with manufacturing and distributing LYMPHIR. These costs include amounts paid to third-party contract manufacturing organizations for production-related services, including raw materials, drug substance, drug product manufacturing, fill-finish activities, certain testing, and packaging. Cost of goods sold also includes distribution, storage shipping, and handling fees, as well as royalties owed under the Company's licensing arrangements.

5. PREPAID EXPENSES

Prepaid expenses include advance payments made for the preparation of long-lead time drug substance and product costs, which will be utilized in research and development activities or in the manufacturing of LYMPHIR for sales. Other prepaid expenses include insurance, FDA program fees, service fees and marketing costs. A summary of prepaid expenses is as follows:

	March 31, 2026	September 30, 2025
Prepaid manufacturing	\$ 2,531,280	\$ 1,331,280
Prepaid insurance	304,495	-
Prepaid annual FDA program fee	221,107	-
Prepaid annual service fees	-	64,210
Prepaid marketing costs	300,000	-
Total	\$ 3,356,882	\$ 1,395,490

6. IN-PROCESS RESEARCH AND DEVELOPMENT, NET

In process research and development consists of a beginning carrying value for LYMPHIR of \$73,400,000 and a net balance of \$71,106,250 at March 31, 2026. Amortization of in-process research and development commenced upon revenue generation in December 2025. For the three months ended March 31, 2026 and 2025, amortization was \$1,720,312 and \$0, respectively. For the six months ended March 31, 2026 and 2025, amortization was \$2,293,750 and \$0, respectively. In-process research and development for LYMPHIR is being amortized as follows on a straight-line basis over the remaining FDA product exclusivity period which ends in August 2036. The amortization of in-process research and development excludes \$19,400,000 associated with the acquisition of LMB and the Mino-Lok product candidate which will begin amortization upon approval. A summary of the expected future amortization expense for LYMPHIR in-process research and development is as follows:

Year Ending September 30,	Amount
2026 (excluding the six months ended March 31, 2026)	\$ 3,440,625
2027	6,881,250
2028	6,881,250
2029	6,881,250
2030	6,881,250
2031	6,881,250
Thereafter	33,259,375
Total	\$ 71,106,250

7. PATENT AND TECHNOLOGY LICENSE AGREEMENTS

Patent and Technology License Agreement – Mino-Lok

LMB has a patent and technology license agreement with Novel Anti-Infective Therapeutics, Inc. (“NAT”) to develop and commercialize Mino-Lok[®] on an exclusive, worldwide sub-licensable basis, as amended. LMB pays an annual maintenance fee each June until commercial sales of a product subject to the license commence. The Company recorded an annual maintenance fee expense of \$90,000 in both 2025 and 2024.

LMB will also pay annual royalties on net sales of licensed products, with a low double digit royalty rate (within a range of 10% to 15%). In limited circumstances in which the licensed product is not subject to a valid patent claim and a competitor is selling a competing product, the royalty rate is in the low-to mid-single digits (within a range of 2% to 7%). After a commercial sale is obtained, LMB must pay minimum aggregate annual royalties of \$100,000 in the first commercial year which is prorated for a less than 12-month period, increasing \$25,000 per year to a maximum of \$150,000 annually. LMB must also pay NAT up to \$1,100,000 upon achieving specified regulatory and sales milestones. Finally, LMB must pay NAT a specified percentage of payments received from any sub-licensees.

Unless earlier terminated by NAT, based on the failure to achieve certain development and commercial milestones, the license agreement remains in effect until the date that all patents licensed under the agreement have expired and all patent applications within the licensed patent rights have been cancelled, withdrawn, or expressly abandoned.

License Agreement with Eterna

On October 6, 2020, our subsidiary, NoveCite, entered into a license agreement with Novellus Therapeutics Limited (“Novellus”), whereby NoveCite acquired an exclusive, worldwide license, with the right to sublicense, develop and commercialize a stem cell therapy based on the Novellus’s patented technology for the treatment of acute pneumonitis of any etiology in which inflammation is a major agent in humans. Upon execution of the license agreement, we paid \$5,000,000 to Novellus, which was charged to research and development expense during the year ended September 30, 2021, and issued to Novellus shares of NoveCite’s common stock representing 25% of the outstanding equity. We own the other 75% of NoveCite’s outstanding equity. Pursuant to the terms of the original stock subscription agreement, if NoveCite issued additional equity, subject to certain exceptions, NoveCite had to maintain Novellus’s ownership at 25% by issuing additional shares to Novellus.

In July 2021, Novellus was acquired by Brooklyn ImmunoTherapeutics, Inc. (“Brooklyn”). Pursuant to this transaction, the NoveCite license was assumed by Brooklyn with all original terms and conditions. In connection with that transaction, the stock subscription agreement was amended to assign to Brooklyn all of Novellus’s right, title, and interest in the stock subscription agreement and delete the anti-dilution protection and replace it with a right of first refusal whereby Brooklyn will have the right to purchase all or a portion of the securities that NoveCite intends to sell or in the alternative, at the option of NoveCite, Brooklyn may purchase that amount of the securities proposed to be sold by NoveCite to allow Brooklyn to maintain its then percentage ownership. In October 2022, Brooklyn changed its name to Eterna Therapeutics Inc. (“Eterna”).

We are responsible for the operational activities of NoveCite and bear all costs necessary to operate NoveCite. Our officers are also the officers of NoveCite and oversee the business strategy and operations of NoveCite. As such, NoveCite is accounted for as a consolidated subsidiary with a noncontrolling interest.

Eterna has no contractual rights in the profits or obligations to share in the losses of NoveCite, and the Company has not allocated any losses to the noncontrolling interest.

Under the license agreement, NoveCite is obligated to pay Eterna up to an aggregate of \$51,000,000 in regulatory and developmental milestone payments. NoveCite also must pay a royalty equal to a mid-teens percentage of net sales, commencing upon the first commercial sale of a licensed product. This royalty is subject to downward adjustment on a product-by-product and country-by-country basis to a mid-single digit percentage (within a range of 4% to 8%) of net sales in any country in the event of the expiration of the last valid patent claim or if no valid patent claim exists in that country. The royalty will end on the earlier of (i) date on which a biosimilar product is first marketed, sold, or distributed by Eterna or any third party in the applicable country or (ii) the 10-year anniversary of the date of expiration of the last-to-expire valid patent claim in that country. In the case of a country where no licensed patent ever exists, the royalty will end on the later of (i) the date of expiry of such licensed product's regulatory exclusivity and (ii) the 10-year anniversary of the date of the first commercial sale of the licensed product in the applicable country. In addition, NoveCite will pay to Eterna an amount equal to a mid-twenties percentage of any sublicensee fees it receives.

Under the terms of the license agreement, in the event that Eterna receives any revenue involving the original cell line included in the licensed technology, then Eterna shall remit to NoveCite 50% of such revenue.

The term of the license agreement continues on a country-by-country and licensed product-by-licensed product basis until the expiration of the last-to-expire royalty term. Either party may terminate the license agreement upon written notice if the other party is in material default. NoveCite may terminate the license agreement at any time without cause upon 90 days prior written notice.

Eterna will be responsible for preparing, filing, prosecuting, and maintaining all patent applications and patents included in the licensed patents in the territory, provided however, that if Eterna decides that it is not interested in maintaining a particular licensed patent or in preparing, filing, or prosecuting a licensed patent, NoveCite will have the right, but not the obligation, to assume such responsibilities in the territory at NoveCite's sole cost and expense.

License Agreement with Eisai

In September 2021, we entered into an asset purchase agreement with Dr. Reddy's Laboratories SA, a subsidiary of Dr. Reddy's Laboratories, Ltd. (collectively, "Dr. Reddy's") and a license agreement with Eisai Co., Ltd. ("Eisai") to acquire an exclusive license of E7777 (denileukin diftitox), an oncology immunotherapy for the treatment of CTCL, a rare form of non-Hodgkin lymphoma. We renamed E7777 as I/ONTAK and also obtained the trade name of LYMPHIRTM for the product. We assigned these agreements to Citius Oncology effective April 1, 2022 and we received a Biologics License Application ("BLA") approval from the FDA for LYMPHIR in August 2024.

Under the terms of these agreements, we acquired Dr. Reddy's exclusive license of E7777 from Eisai and other related assets owned by Dr. Reddy's (which are now owned by Citius Oncology). The exclusive license include rights to develop and commercialize E7777 in all markets except for Japan and certain parts of Asia. Eisai retains exclusive development and marketing rights for the agent in Japan, China, Korea, Taiwan, Hong Kong, Macau, Indonesia, Thailand, Malaysia, Brunei, Singapore, India, Pakistan, Sri Lanka, Philippines, Vietnam, Myanmar, Cambodia, Laos, Afghanistan, Bangladesh, Bhutan, Nepal, Mongolia, and Papua New Guinea. We paid Dr. Reddy's a \$40 million upfront payment, which represents the acquisition date fair value of the in-process research and development acquired from Dr. Reddy's. Dr. Reddy's is entitled to up to \$40 million in development milestone payments related to CTCL approvals in the U.S. and other markets, up to \$70 million in development milestones for additional indications, as well as commercial milestone payments and low double-digit tiered royalties on net product sales (within a range of 10% to 15%), and up to \$300 million for commercial sales milestones. Citius Oncology also must pay on a fiscal quarter basis tiered royalties equal to low double-digit percentages of net product sales (within a range of 10% to 15%). The royalties will end on the earlier of (i) the 15-year anniversary of the first commercial sale of the latest indication that received regulatory approval in the applicable country and (ii) the date on which a biosimilar product results in the reduction of net sales in the applicable product by 50% in two consecutive quarters, as compared to the four quarters prior to the first commercial sale of the biosimilar product. Citius Oncology will also pay to Dr. Reddy's an amount equal to a low-thirties percentage of any sublicense upfront consideration or milestone payments (or the like) received by us and the greater of (i) a low-thirties percentage of any sublicensee sales-based royalties or (ii) a mid-single digit percentage of such licensee's net sales. Citius Pharma is a guarantor of Citius Oncology's payment obligations under these agreements.

At the time of the FDA approval for LYMPHIR, a \$27.5 million milestone payment became payable to Dr. Reddy's under the terms of the asset purchase agreement for which a balance of \$17,650,000 remains due as of March 31, 2026. Dr. Reddy's agreed to a partial deferral without penalty of this milestone payment.

Under the license agreement, Eisai was due a \$5.9 million milestone payment upon FDA approval, and additional commercial milestone payments related to the achievement of net product sales thresholds and an aggregate of up to \$22 million related to the achievement of net product sales thresholds. Citius Oncology was also required to reimburse Eisai for up to \$2.65 million of its costs to complete the Phase 3 pivotal clinical trial for LYMPHIR for the CTCL indication and reimburse Eisai for all reasonable costs associated with the preparation of a BLA for LYMPHIR. Eisai was responsible for completing the CTCL clinical trial, and chemistry, manufacturing, and controls ("CMC") activities through the filing of the BLA for LYMPHIR with the FDA. We are responsible for development costs associated with potential additional indications.

On March 28, 2025, Citius Oncology and Eisai entered into a letter agreement that amended the license agreement to provide for a payment schedule to Eisai for the milestone payment and certain unpaid invoices. We agreed to pay Eisai \$2,535,318 on July 15, 2025, \$2,350,000 on the 15th of each of the subsequent four months, and make a final payment of \$2,197,892 on or before December 15, 2025, in each case with interest on each obligation from its original due date through the date of payment at the rate of 2% per annum. During the six months ended March 31, 2026, we recorded \$78,872 in interest expense under the agreement. The parties released each other from any and all claims, losses, damages, costs and expenses that arise from or related to our failure to pay the milestone payment or the other incurred costs under the license agreement except for any claims arising out of a breach of the letter agreement. All other terms of the license agreement remain in full force and effect. On December 15, 2025, we paid Eisai the balance of the outstanding milestone approval fee and accumulated interest on the license fee. At March 31, 2026, we owe Eisai for other unpaid invoices, consisting of \$2,200,000 of accounts payable and \$4,062,481 of accrued expenses.

The term of the license agreement will continue until the 10-year anniversary of the first commercial sale on a country-by-country basis. The first commercial sale in the United States occurred in December 2025. The term of the license may be extended for additional 10-year periods for all countries in the territory by notifying Eisai and paying an extension fee equal to \$10 million. Either party may terminate the license agreement upon written notice if the other party is in material breach of the agreement, subject to cure within the designated time periods. Either party also may terminate the license agreement immediately upon written notice if the other party files for bankruptcy or takes related actions or is unable to pay its debts as they become due. Additionally, either party will have the right to terminate the agreement if the other party directly or indirectly challenges the patentability, enforceability or validity of any licensed patent.

Under the purchase agreement with Dr. Reddy's, we are required to (i) use commercially reasonable efforts to make commercially available products in the CTCL indication, peripheral T-cell lymphoma indication and immuno-oncology indication, (ii) initiate two investigator initiated immuno-oncology trials (both of which have been initiated), (iii) use commercially reasonable efforts to achieve each of the approval milestones, and (iv) complete each specified immuno-oncology investigator trial on or before the four-year anniversary of the effective date of the definitive agreement. Additionally, we are required to commercially launch a product in a territory within six months of receiving regulatory approval for such product in each such jurisdiction; though approved in August 2024, Dr. Reddy's waived the six-month requirement and the launch of LYMPHIR in December 2025 satisfied this requirement in the U.S.

As part of the definitive agreement with Dr. Reddy's, Citius Pharma acquired method of use patents in which LYMPHIR is administered in combination with the programmed cell death protein 1 ("PD-1") pathway inhibitor drug class. PD-1 plays a vital role in inhibiting immune responses and promoting self-tolerance through modulating the activity of T-cells, activating apoptosis of antigen-specific T cells and inhibiting apoptosis of regulatory T cells.

The following patents were acquired and subsequently transferred to us:

- US Provisional Application No. 63/070,645, which was filed on August 26, 2020, and subsequently published as US 2022/0062390 A1 on March 3, 2022, entitled Methods of Treating Cancer.
- International Patent Application Number: PCT/IB2021/0576733, which was filed with the World Intellectual Property Organization on August 23, 2021, and subsequently published as WO 2022/043863 A1 on March 3, 2022, entitled, Combination for Use in Methods of Treating Cancer.

8. NOTE PAYABLE

On June 2, 2025, the Company borrowed \$1,000,000 from an unrelated lender. The note payable was due in full on December 2, 2025 with interest at 15% compounded monthly. Leonard Mazur (Chairman and Chief Executive Officer of the Company) personally guaranteed repayment of the note.

On December 2, 2025, we extended the due date to January 2, 2026 and the note was paid in full on January 5, 2026. As consideration for the extension, we issued a five-year warrant to purchase 75,000 shares of our common stock at \$1.26 per share. The \$68,597 fair value of the warrant was charged to interest expense during the six months ended March 31, 2026. Interest expense, including the fair value of the warrant was \$109,697 for the six months ended March 31, 2026.

9. COMMON STOCK, STOCK OPTIONS, RESTRICTED STOCK AWARDS, AND WARRANTS

Authorized Common Stock and Reverse Stock Split

The Company filed a Certificate of Change with the Secretary of State of the State of Nevada to (i) effect a 1-for-25 reverse stock split of the Company's issued and outstanding shares of common stock, and (ii) decrease the number of total authorized shares of common stock from 400,000,000 shares to 16,000,000 shares. The reverse stock split was intended for the Company to regain compliance with the minimum bid price requirement of \$1.00 per share of common stock for continued listing on the Nasdaq Capital Market. The reverse stock split became effective on November 25, 2024, and the Company's Common Stock began trading on a reverse stock split-adjusted basis on the Nasdaq Capital Market on November 26, 2024. All share amounts have been retroactively adjusted to reflect the split.

Series A Preferred Stock and Authorized Common Stock

On April 17, 2025, the Company entered into an agreement with Leonard Mazur (Chairman and Chief Executive Officer of the Company), pursuant to which the Company sold one share of Series A Preferred Stock, par value \$0.001 per share for \$100 to Mr. Mazur. The Series A Preferred Stock was sold in connection with the June 9, 2025 special meeting of the stockholders for the purpose of approving an amendment to the Company's Articles of Incorporation, as amended, to increase the number of shares of the Company's authorized common stock from 16,000,000 to 250,000,000. The Company's stockholders approved the authorized share increase on June 9, 2025.

On April 17, 2025, the Company filed a certificate of designation with the Nevada Secretary of State, designating the powers, rights, privileges and restrictions of the Series A Preferred Stock. The certificate provides that each share of Series A Preferred Stock had 1,000,000,000 votes and voted together with the outstanding shares of Common Stock as a single class, exclusively with respect to the authorized share increase proposal and was not entitled to vote on any other matter. The Series A Preferred Stock was voted on the authorized share increase in the same proportion as the aggregate votes cast by holders of common stock "for" and "against" the proposal. The Series A Preferred Stock otherwise had no other voting rights, including in respect of any other proposal. The voting power attributable to the Series A Preferred Stock was disregarded for purposes of determining whether a quorum was present at the special meeting, and the establishment of a quorum at the special meeting was determined only with reference to the common stock.

Pursuant to its terms, on June 9, 2025, the outstanding share of Series A Preferred Stock was redeemed automatically for \$100 after the Company published the final results of the stockholder vote on the authorized stock increase.

Common Stock Issued for Services

On July 1, 2025, we issued 20,000 shares of common stock for media, and public and investor relations services and expensed the \$26,600 fair value of the common stock issued.

On October 2, 2025, we issued 83,036 shares of common stock for media, and public and investor relations services and expensed the \$107,510 fair value of the common stock issued.

Common Stock Offerings

November 2024 Offering

On November 15, 2024, Citius Pharma sold 480,000 shares of common stock and warrants to purchase 480,000 shares of common stock. Gross proceeds were \$3,000,000 and net proceeds were \$2,574,051, after deducting fees and expenses. The shares and warrants were sold at a combined offering price of \$6.25 per share and accompanying warrant. The immediately exercisable warrants have an exercise price of \$6.25 per share and expire on November 19, 2029. The estimated fair value of the warrants issued to the investors was approximately \$1,575,000.

We paid the placement agent a fee of 7.0% of the gross proceeds and granted the placement agent immediately exercisable warrants to purchase 33,600 shares of common stock at an exercise price of \$7.8125 per share, which expire on November 15, 2029. The estimated fair value of the warrants issued to the placement agent was approximately \$104,000.

January 2025 Offering

On January 7, 2025, Citius Pharma sold 743,496 shares of common stock and warrants to purchase 743,496 shares of common stock. Gross proceeds were approximately \$3,000,000 and net proceeds were \$2,657,167, after deducting fees and expenses. The shares and warrants were sold at a combined offering price of \$4.035 per share and accompanying warrant. The immediately exercisable warrants have an exercise price of \$3.91 per share and expire on January 8, 2030. The estimated fair value of the warrants issued to the investors was approximately \$2,091,000.

We paid the placement agent a fee of 7.0% of the gross proceeds and granted the placement agent immediately exercisable warrants, to purchase 52,045 shares of common stock at \$5.0438 per share, which expire on January 7, 2030. The estimated fair value of the warrants issued to the placement agent was approximately \$138,000.

April 2025 Offering

On April 1, 2025, Citius Pharma sold 465,000 shares of common stock at \$1.15 per share and pre-funded warrants to purchase 1,274,131 shares of common stock at \$1.1499 per share. Gross proceeds were \$1,999,873 and net proceeds were \$1,743,757, after deducting fees and expenses. The immediately exercisable pre-funded warrants have an exercise price of \$0.0001 per share and do not expire. All 1,274,131 of the pre-funded warrants were exercised during the three months ended June 30, 2025.

We paid the placement agent a fee of 7.0% of the gross proceeds and granted the placement agent warrants to purchase 121,739 shares of common stock at an exercise price of \$1.4375 per share, which are exercisable commencing on October 2, 2025 and expire on April 1, 2030. The estimated fair value of the warrants issued to the placement agent was approximately \$100,000.

June 2025 Offering

On June 11, 2025, Citius Pharma sold 540,000 shares of common stock and pre-funded warrants to purchase 4,380,000 shares of common stock, and accompanying warrants to purchase 9,840,000 shares of common stock, at \$1.22 per share and accompanying warrant (or \$1.2199 per pre-funded warrant and accompanying warrant). The immediately exercisable two-year warrants have an exercise price of \$1.00 per share. On the expiration date, any warrants outstanding will be exercised via cashless exercise. The pre-funded warrants are exercisable immediately at \$0.0001 per share and do not expire. Gross proceeds were \$6,001,962 and net proceeds of the offering were \$5,430,836, after deducting fees and expenses. During the year ended September 30, 2025, all 4,380,000 pre-funded warrants were exercised. The estimated fair value of the 9,840,000 warrants issued to the investors was approximately \$4,867,000.

We paid the placement agent a fee of 7.0% of the gross proceeds and expenses of \$150,958 and granted placement agent warrants to purchase 344,400 shares of common stock at an exercise price of \$1.525 per share, which expire on June 11, 2027. On the expiration date, any warrants outstanding will be exercised via cashless exercise. The estimated fair value of the warrants issued to the placement agent was approximately \$222,000.

July 2025 Citius Oncology Offering

On July 17, 2025, Citius Oncology sold 6,818,182 shares of common stock and warrants to purchase 6,818,182 shares of common stock at \$1.32 per share and accompanying warrant. The immediately exercisable five-year warrants had an initial exercise price of \$1.32 per share. In connection with the December 10, 2025 offering (discussed below), Citius Oncology agreed to reduce the exercise price of the 6,818,182 warrants to \$1.09 per share and extended the expiration date of the warrants to January 20, 2031. Gross proceeds from the offering were approximately \$9.0 million and net proceeds were \$7,546,988, after deducting placement agent fees and other offering expenses. The estimated fair value of the warrants issued to the investors on July 17, 2025 was approximately \$8,197,000. The estimated fair value of the repriced warrants issued to the investors as of December 8, 2025 was approximately \$5,301,000.

Citius Oncology paid the placement agent a fee of 7.0% of the gross proceeds and expenses of \$125,000 and granted the placement agent warrants to purchase 272,727 shares of common stock at an exercise price of \$1.65 per share. The warrants are exercisable commencing on January 17, 2026 and expire on July 17, 2030. Citius Oncology also paid an additional 7.0% cash fee to a prior placement agent and issued warrants to purchase up to 477,273 shares of common stock at an exercise price of \$1.65 per share. The placement agent warrants are exercisable commencing on August 17, 2025 and expire on July 17, 2030. The estimated fair value of the placement agent warrants was approximately \$905,000.

September 2025 Citius Oncology Offering

On September 10, 2025, Citius Oncology sold 5,142,858 shares of common stock and warrants to purchase 5,142,858 shares of common stock, at \$1.75 per share and accompanying warrant. The warrants are exercisable beginning on March 10, 2026 and expire on March 10, 2031 and had an initial exercise price of \$1.84 per share. In connection with the December 10, 2025 offering (discussed below), Citius Oncology agreed to reduce the exercise price of the 5,142,858 warrants to \$1.09 per share and extended the expiration date of the warrants to January 20, 2031. Gross proceeds from the offering were approximately \$9.0 million and net proceeds were \$7,619,854, after deducting placement agent fees and other offering expenses. The estimated fair value of the warrants issued to the investors on September 10, 2025 was approximately \$6,995,000. The estimated fair value of the repriced warrants issued to the investors as of December 8, 2025 was approximately \$4,179,000.

Citius Oncology paid the placement agent a fee of 7.0% of the gross proceeds and expenses of \$125,000. Additionally, Citius Oncology issued the placement agent warrants to purchase 205,714 shares of common stock at an exercise price of \$1.92 per share. The warrants are exercisable commencing on March 10, 2026 and expire on March 10, 2031. We also paid an additional 7.0% cash fee to a prior placement agent and issued warrants to purchase up to 360,000 shares of common stock at an exercise price of \$2.1875 per share. The placement agent warrants are exercisable commencing on March 10, 2026 and expire on March 10, 2031. The estimated fair value of the placement agent warrants was approximately \$717,000.

October 2025 Offering

On October 21, 2025, Citius Pharma sold 1,460,000 shares of common stock and 2,513,510 pre-funded warrants, and accompanying warrants to purchase 3,973,510 shares of common stock at \$1.51 per share and accompanying warrant (or \$1.5099 per pre-funded warrant and accompanying warrant). The immediately exercisable five-year warrants have an exercise price of \$1.40 per share. The immediately exercisable pre-funded warrants have an exercise price of \$0.0001 per share and do not expire. Gross proceeds were approximately \$6.0 million, before deducting placement agent fees and other expenses and net proceeds were \$5,402,931. During the six months ended March 31, 2026, all 2,513,510 pre-funded warrants were exercised. The estimated fair value of the 3,973,510 warrants issued to the investors was approximately \$4,995,000.

We paid the placement agent a fee of 7.0% of the gross proceeds and expenses of \$85,000, and issued the placement agent warrants to purchase 278,146 shares of common stock at an exercise price of \$1.8875 per share. The warrants are exercisable commencing on October 21, 2025 and expire on October 20, 2030. The estimated fair value of the warrants issued to the placement agent was approximately \$330,000.

December 2025 Citius Oncology Offering

On December 10, 2025, Citius Oncology sold 1,284,404 shares of its common stock and accompanying warrants to purchase 1,284,404 shares of common stock, at \$1.09 per share and accompanying warrant, and additionally sold 15,229,358 pre-funded warrants and accompanying warrants to purchase 15,229,358 shares of common stock at \$1.0899 per pre-funded warrant and accompanying warrant. Aggregate gross proceeds from the offering were approximately \$18.0 million and net proceeds were \$15,062,725, after deducting placement agent fees and other offering expenses. The 15,229,358 pre-funded warrants are immediately exercisable at \$0.0001 per share and do not expire. During the three months ended March 31, 2026, Citius Oncology received net proceeds of \$818 from the exercise of 8,183,358 pre-funded warrants. At March 31, 2026, 7,046,000 of the pre-funded warrants remain outstanding. The 16,513,762 warrants have an exercise price of \$1.09 and are exercisable on or before January 20, 2031. The estimated fair value of the 16,513,762 warrants issued to the investors was approximately \$13,196,000.

Citius Oncology paid the placement agent a fee of 7.0% of the gross proceeds and expenses of \$135,000. Additionally, Citius Oncology issued to the placement agent warrants to purchase 1,155,963 shares of its common stock at an exercise price of \$1.3625 per share exercisable on or before December 8, 2030. Citius Oncology also paid an additional 7.0% cash fee to a prior placement agent and issued warrants to purchase up to 660,550 shares of its common stock at an exercise price of \$1.199 per share exercisable on or before December 8, 2030. The estimated fair value of the placement agent warrants was approximately \$1,401,000.

Citius Pharma At the Market Offering Agreement

On August 12, 2024, we entered into a sales agreement to sell from time to time during the term of the agreement shares of our common stock.

During the three months ended March 31, 2025, we sold 289,910 shares for gross proceeds of \$839,468. Net proceeds after deducting broker fees and other offering expenses were \$808,640.

During the three months ended June 30, 2025, we sold 2,185,249 shares for gross proceeds of \$3,471,866. Net proceeds after deducting broker fees and other offering expenses were \$3,294,446.

During the three months ended September 30, 2025, we sold 442,715 shares for gross proceeds of \$657,284. Net proceeds after deducting broker fees and other offering expenses were \$626,843.

During the three months ended December 31, 2025, we sold 252,137 shares for gross proceeds of \$362,296. Net proceeds after deducting broker fees and other offering expenses were \$349,254.

Citius Pharma Stock Option Plans

Under our 2014 Stock Plan, we reserved 34,667 shares of common stock. As of March 31, 2026, there were options to purchase 14,776 shares outstanding and no shares were available for future grants.

Under our 2018 Stock Plan, we reserved 80,000 shares of common stock. As of March 31, 2026, there were options to purchase 67,200 shares outstanding and no shares available for future grants.

Under our 2020 Stock Plan, we reserved 124,400 shares of common stock. As of March 31, 2026, there were options to purchase 66,000 shares outstanding and no shares available for future grants.

Under our 2021 Stock Plan, we reserved 349,600 shares of common stock. As of March 31, 2026, options to purchase 330,000 shares were outstanding and no shares available for future grants.

Under our 2023 Stock Plan, we reserved 481,400 shares of common stock. As of March 31, 2026, options to purchase 359,400 shares were outstanding and 118,000 shares remain available for future grants.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model. Volatility is estimated using the trading activity of our common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant commensurate with the expected term assumption. The expected term of stock options granted, all of which qualify as “plain vanilla,” is based on the average of the contractual term (generally 10 years) and the vesting period. For non-employee options, the expected term is the contractual term.

A summary of option activity under our stock option plans (excluding the NoveCite and Citius Oncology Stock Plans) is presented below:

	Option Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at September 30, 2025	839,510	\$ 30.09	6.90 years	\$ 0.00
Granted	-	-		
Exercised	-	-		
Forfeited or expired	(2,134)	202.50		
Outstanding at March 31, 2026	<u>837,376</u>	<u>\$ 29.65</u>	6.33 years	<u>\$ 0.00</u>
Exercisable at March 31, 2026	<u>686,709</u>	<u>\$ 33.49</u>	5.90 years	<u>\$ 0.00</u>

At March 31, 2026, unrecognized total compensation cost related to unvested awards under the Citius Pharma stock plans of \$899,870 is expected to be recognized over a weighted average period of 1.20 years.

NoveCite Stock Plan - Under the NoveCite 2020 Stock Plan, we reserved 2,000,000 common shares of NoveCite. The NoveCite Stock Plan provides incentives to employees, directors, and consultants through grants of options, SARs, dividend equivalent rights, restricted stock, restricted stock units, or other rights.

As of March 31, 2026, NoveCite has options outstanding to purchase 1,911,500 common shares of NoveCite, all of which are exercisable, and 88,500 shares available for future grants. All of the options were issued during the year ended September 30, 2021, vested over 36 months and have a term of 10 years. The weighted average remaining contractual term of options outstanding under the NoveCite Stock Plan is 4.67 years and the weighted average exercise price is \$0.24 per share. At March 31, 2026, there is no unrecognized compensation cost related to these awards and no aggregate intrinsic value.

Citius Oncology Stock Plan - Under the Citius Oncology 2023 Omnibus Stock Incentive Plan, we reserved 15,000,000 common shares of Citius Oncology. Under the Citius Oncology 2024 Omnibus Stock Incentive Plan, we reserved 15,000,000 common shares of Citius Oncology and amended the 2024 Stock Plan on October 27, 2025 to reserve an additional 15,000,000 shares for an aggregate of 30,000,000 shares of common stock under the Citius Oncology 2024 Omnibus Stock Incentive Plan. The Citius Oncology stock plans provide incentives to employees, directors, and consultants through grants of options, SARs, dividend equivalent rights, restricted stock, restricted stock units, or other rights.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model. Volatility is estimated using the trading activity of Citius Pharma common stock. until such time as Citius Oncology has sufficient history. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant commensurate with the expected term assumption. The expected term of stock options granted to employees and directors, all of which qualify as “plain vanilla,” is based on the average of the contractual term (generally 10 years) and the vesting period. For non-employee options, the expected term is the contractual term.

A summary of option activity under the Citius Oncology stock plans is presented below:

	<u>Shares</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at September 30, 2025	18,100,000	\$ 1.83	8.21 years	\$ 5,386,000
Granted	-	-		
Forfeited	-	-		
Outstanding at March 31, 2026	<u>18,100,000</u>	\$ 1.83	7.52 years	\$ -
Exercisable at March 31, 2026	<u>11,502,083</u>	\$ 1.89	7.30 years	\$ -

At March 31, 2026, unrecognized total compensation cost related to unvested awards under the Citius Oncology stock plans of \$3,704,204 is expected to be recognized over a weighted average period of 1.02 years.

Restricted Stock Unit Awards

On September 19, 2025, the Board of Directors granted restricted stock unit awards of 11,600,000 shares of common stock to employees and directors. The restricted stock unit awards vest on September 19, 2028. The fair value of the common stock on the date of grant was \$20,300,000 (\$1.75 per share). On March 24, 2026, the Board of Directors granted restricted stock unit awards of an aggregate 350,000 shares of common stock to an employee and a consultant. The restricted stock unit awards vest on March 24, 2029. The fair value of the common stock on the date of grant was \$203,000 (\$0.58 per share).

Stock-based compensation expense for restricted stock unit awards for the three months ended March 31, 2026 was \$1,668,267. Stock-based compensation expense for restricted stock unit awards for the six months ended March 31, 2026 was \$3,372,282.

At March 31, 2026, unrecognized total compensation cost related to unvested restricted stock unit awards under the stock plans of \$16,926,977 is expected to be recognized over a weighted average period of 2.48 years.

Stock-based Compensation Expense

Stock-based compensation expense under all plans for the three months ended March 31, 2026 and 2025 was \$3,788,275 (including \$261,565 for Citius Pharma options, \$1,858,443 for Citius Oncology options and \$1,668,267 for Citius Oncology restricted stock unit awards) and \$2,702,031 (including \$613,459 for Citius Pharma options and \$2,088,572 for Citius Oncology options), respectively.

Stock-based compensation expense under all plans for the six months ended March 31, 2026 and 2025 was \$8,068,502 (including \$585,742 for Citius Pharma options, \$4,110,478 for Citius Oncology options and \$3,372,282 for Citius Oncology restricted stock unit awards) and \$5,226,825 (including \$1,329,775 for Citius Pharma options and \$3,897,050 for Citius Oncology options), respectively.

Citius Pharma Warrants

We have reserved 17,815,737 shares of common stock for the exercise of outstanding warrants. The following table summarizes the warrants outstanding at March 31, 2026:

	Exercise Price	Shares	Expiration Dates
August 2018 Offering Investors	\$ 28.75	156,863	August 14, 2026
August 2018 Offering Agent	\$ 39.84	7,576	August 8, 2026
September 2019 Offering Investors	\$ 19.25	111,732	September 27, 2026
September 2019 Offering Underwriter	\$ 27.97	7,774	September 27, 2026
January 2021 Offering Investors	\$ 30.78	123,648	July 27, 2026
January 2021 Offering Agent	\$ 40.44	14,065	July 27, 2026
May 2023 Offering Investors	\$ 37.50	500,000	May 8, 2028
May 2023 Offering Agent	\$ 37.50	35,000	May 3, 2028
April 2024 Offering Investors	\$ 18.75	857,143	October 30, 2029
April 2024 Offering Agent	\$ 21.875	60,000	April 25, 2029
November 2024 Offering Investors	\$ 6.25	480,000	November 18, 2029
November 2024 Offering Agent	\$ 7.8125	33,600	November 15, 2029
January 2025 Offering Investors	\$ 3.91	743,496	January 8, 2030
January 2025 Offering Agent	\$ 5.0438	52,045	January 7, 2030
April 2025 Offering Agent	\$ 1.4375	121,739	April 1, 2030
June 2025 Offering Investor	\$ 1.00	9,840,000	June 11, 2027
June 2025 Offering Agent	\$ 1.525	344,400	June 11, 2027
October 2025 Offering Investor	\$ 1.40	3,973,510	October 21, 2030
October 2025 Placement Agent	\$ 1.8875	278,146	October 20, 2030
December 2025 Note Payable Extension	\$ 1.26	75,000	January 2, 2031
		<u>17,815,737</u>	

At March 31, 2026, the weighted average remaining life of the outstanding warrants is 2.35 years, all warrants are exercisable and the aggregate intrinsic value of the warrants outstanding was \$0.

Citius Oncology Warrants

Citius Oncology has reserved 38,653,029 shares of common stock for the exercise of outstanding warrants. The following table summarizes the warrants outstanding at March 31, 2026:

	Exercise Price	Number	Expiration Dates
July 2025 Offering Investors	\$ 1.09	6,818,182	January 20, 2031
July 2025 Offering Agent	\$ 1.65	272,727	July 17, 2030
July 2025 Prior Offering Agent	\$ 1.65	477,273	July 17, 2030
September 2025 Offering Investors	\$ 1.09	5,142,858	January 20, 2031
September 2025 Offering Agent	\$ 1.92	205,714	March 10, 2031
September 2025 Prior Offering Agent	\$ 2.1875	360,000	March 10, 2031
December 2025 Offering Investors	\$ 0.0001	7,046,000	None
December 2025 Offering Investors	\$ 1.09	16,513,762	January 20, 2031
December 2025 Placement Offering Agent	\$ 1.3625	1,155,963	December 8, 2030
December 2025 Prior Offering Agent	\$ 1.199	660,550	December 8, 2030
		<u>38,653,029</u>	

At March 31, 2026, the weighted average remaining life of the outstanding warrants was estimated at 3.97 years and all warrants are exercisable. At March 31, 2026 the aggregate intrinsic value of the warrants outstanding was \$4,367,815.

Citius Pharma Common Stock Reserved

A summary of common stock reserved for future issuances by Citius Pharma excluding all subsidiaries as of March 31, 2026 is as follows:

Stock plan options outstanding	837,376
Stock plan shares available for future grants	118,000
Warrants outstanding	17,815,737
Total	<u>18,771,113</u>

Citius Oncology Common Stock Reserved

A summary of common stock reserved for future issuances by Citius Oncology as of March 31, 2026 is as follows:

Stock plan options outstanding	18,100,000
Restricted stock awards	11,950,000
Stock plan shares available for future grants	14,950,000
Warrants outstanding	38,653,029
Total	<u>83,653,029</u>

10. COMMITMENTS AND CONTINGENCIES

Operating Lease

Effective July 1, 2019, we entered into a 76-month lease for office space in Cranford, NJ. On February 28, 2025, we extended the lease until February 28, 2030. A right-of-use asset of \$786,697 was recognized as a non-cash asset and liability on the lease amendment date. We pay our proportionate share of real estate taxes and operating expenses in excess of the base year expenses. These costs are variable lease payments and are not included in the determination of the lease's right-of-use asset or lease liability.

We identified and assessed the following significant assumptions in recognizing our right-of-use assets and corresponding lease liabilities:

- As the Cranford lease does not provide an implicit rate, we estimated the incremental borrowing rate in calculating the present value of the lease payments based on the remaining term as of the amendment date.
- Since we elected to account for each lease component and its associated non-lease components as a single combined component, all contract consideration was allocated to the combined lease component.
- The expected lease terms include noncancelable lease periods.

The elements of lease expense are as follows:

	Six Months Ended March 31, 2026	Six Months Ended March 31, 2025
Lease cost		
Operating lease cost	\$ 52,377	\$ 119,412
Variable lease cost	98	8,631
Total lease cost	<u>\$ 52,475</u>	<u>\$ 128,043</u>
Other information		
Weighted-average remaining lease term - operating leases	3.9 Years	4.9 Years
Weighted-average discount rate - operating leases	8.0%	8.0%

Maturities of lease liabilities due under the Company’s non-cancellable leases are as follows:

Year Ending September 30,	
2026 (excluding the 6 months ended March 31, 2026)	\$ 114,186
2027	232,827
2028	237,686
2029	242,545
2030	102,849
Total lease payments	930,093
Less: interest	(121,931)
Present value of lease liabilities	\$ 808,162

Leases	Classification	March 31, 2026	September 30, 2025
Assets			
Lease asset	Operating	\$ 794,518	\$ 818,694
Total lease assets		\$ 794,518	\$ 818,694
Liabilities			
Current	Operating	\$ 171,495	\$ 88,348
Non-current	Operating	636,667	724,925
Total lease liabilities		\$ 808,162	\$ 813,273

Interest expense on the lease liability was \$32,917 and \$8,567 for the six months ended March 31, 2026 and 2025, respectively.

Commercial Manufacturing Contracts

Citius Oncology had previously entered into an agreement with a contract manufacturing organization (“CMO”) for the manufacture and supply of bulk drug substance (“BDS”) with the agreement continuing through calendar year 2026. The agreement was terminated effective February 2026 by the CMO due to the breach of payment obligations by the Citius Oncology. Termination fees associated with this are approximately \$20.1 million consisting of \$17.1 million of charges associated with manufacturing which was previously committed in 2025 and 2026 but not produced, as well as \$1.2 million of un-invoiced but incurred charges related to previous manufactured batches and \$1.8 million of interest and other charges. These fees are included in General and Administrative Expense for the quarter ended March 31, 2026. Separately, in March 2026, the CMO gave notice that it made a decision to terminate all production at the current site related to microbial manufacturing and decommission the associated manufacturing lines. In March 2026 and in connection with the notice of termination from the CMO, we recorded a contract cancellation fee of \$19,733,307 net of invoices already included in accounts payable.

Citius Oncology has been evaluating new BDS suppliers and anticipates entering into a letter of intent with a new CMO by June 30, 2026, with a subsequent master services agreement to follow. At this time, based on stock on hand and availability of alternate suppliers, we anticipate no interruption in commercial supply for the foreseeable future.

As of March 31, 2026, the Company also has commercial supply agreements with two other vendors for the completion and packaging of finished drug products. Minimum purchase commitments under these two agreements amount to approximately \$4.0 million consisting of purchase commitment obligations of \$2.2 million in calendar year 2026 and \$1.8 million in calendar year 2027.

11. GAIN ON SALE OF NEW JERSEY NET OPERATING LOSSES

We recognized a gain of \$3,833,277 for the six months ended March 31, 2026, in connection with the sale of certain New Jersey income tax net operating losses to a third party under the New Jersey Technology Business Tax Certificate Transfer Program.

12. NASDAQ LISTING

On February 9, 2026, we received a notification letter from the Nasdaq Stock Market LLC (“Nasdaq”) indicating that we were not in compliance with Nasdaq Listing Rule 5550(a)(2) because the minimum bid price of our common stock on the Nasdaq Capital Market closed below \$1.00 per share for 30 consecutive business days. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days, or until August 10, 2026, to regain compliance with the Bid Price Rule.

13. SUBSEQUENT EVENTS

Nasdaq Listing

On April 22, 2026, Citius Oncology received a notification letter from the Nasdaq Stock Market LLC (“Nasdaq”) indicating that it was not in compliance with Nasdaq Listing Rule 5550(a)(2) because the minimum bid price of its common stock on the Nasdaq Capital Market closed below \$1.00 per share for 30 consecutive business days. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), Citius Oncology has a compliance period of 180 calendar days, or until October 19, 2026, to regain compliance with the Bid Price Rule.

Registered Direct Offering

On April 24, 2026, Citius Pharma closed a registered direct offering for the sale of 5,076,143 shares of common stock (or pre-funded warrants in lieu thereof) at a purchase price of \$0.985 per share (or pre-funded warrants in lieu thereof). The Company also issued immediately exercisable unregistered warrants to purchase 5,076,143 shares of common stock at \$0.86 per share. The warrants expire five years following the effective date of a registration statement registering the shares issuable upon exercise of the warrants. Gross proceeds were approximately \$5.0 million, before deducting the placement agent fees and expenses.

Warrant Inducement Transaction

On May 5, 2026, Citius Oncology entered into an agreement with the holder of certain existing warrants to purchase 12,777,778 shares of Citius Oncology common stock, which consists of all of the 6,818,182 shares underlying warrants originally issued on July 16, 2025, all of the 5,142,858 shares underlying warrants originally issued on September 10, 2025, and 816,738 shares underlying warrants originally issued December 10, 2025, each with an exercise price of \$1.09 per share. As an inducement to the holder for exercising the warrants in cash at a reduced exercise price of \$0.90 per share, Citius Oncology issued the holder new warrants to purchase up to an aggregate of 25,555,556 shares of Citius Oncology common stock, which have similar terms to the exercised warrants and an exercise price of \$0.90. Gross proceeds were approximately \$11.5 million, before deducting the placement agent fees and expenses.

Loan Agreement

On May 5, 2026 Citius Oncology, entered into a Loan Agreement that makes available term loans in an aggregate principal amount of up to \$25.0 million (collectively, the “Loans”), with (i) \$10.0 million to be funded on May 6, 2026 (“Tranche 1”), (ii) up to \$7.0 million beginning on the later of (A) the date on which certain net revenue and liquidity milestones are achieved and (B) October 1, 2026, and continuing through December 31, 2026 (“Tranche 2”), and (iii) up to \$8.0 million beginning on the later of (A) the date on which certain additional net revenue milestones are achieved and one or more Tranche 2 Loans have been drawn and (B) January 1, 2027, and continuing through March 31, 2027 (“Tranche 3”).

The Loans bear interest at an annual rate equal to the greater of (x) prime plus 6.00% or 12.75%. The Loans are secured by a lien upon and security interest in all of Citius Oncology's and its subsidiary's assets, including intellectual property, subject to agreed exceptions. The maturity date of the Loans is November 1, 2029 (the "Maturity Date").

Pursuant to the Loan Agreement, the Lender will have the right, at any time while any Loan is outstanding, to convert up to its pro rata share of \$4.0 million of the outstanding principal of the Loans (the "Conversion Option") into shares of the Citius Oncology's common stock at a price per share equal to 120% of the exercise price of the Lender Warrants (as defined below) (the "Conversion Price"), subject to certain terms and conditions, including beneficial ownership limitations. In addition, Citius Oncology has agreed to use its reasonable best efforts to grant to each Lender the right to invest up to its pro rata share of \$1.0 million in any issuance of equity securities of Citius Oncology after the Closing Date, on the same terms, conditions and pricing offered by Citius Oncology to other investors participating in such financing transaction (such right, the "Participation Right"). The Participation Right terminates 30 days after the repayment in full of all of the obligations under the Loan Agreement (other than inchoate indemnity obligations or other obligations that specifically survive termination).

In connection with the Loans, the Citius Oncology issued to each Lender warrants to purchase shares of its common stock (the "Lender Warrants"). The Lender Warrants entitle the Lenders, in the aggregate, to purchase a number of fully paid and nonassessable shares of common stock of Citius Oncology equal to the sum of \$1 million, plus (i) 10% of the portion of the Tranche 2 Loans actually funded by the Lenders, plus (ii) 10% of the portion of the Tranche 3 Loans actually funded by Lenders, divided by the exercise price of \$0.90.

Citius Oncology Promissory Note

On May 4, 2026, the Company and Citius Oncology, entered into a Third Amendment to Promissory Note (the "Third Amendment"), which amends the promissory note, dated August 16, 2024, as previously amended on September 10, 2025 and December 10, 2025, issued by the Citius Oncology to the Company in the original principal amount of \$3,800,111 (the "Promissory Note"), to, among other things, (i) conform the payment and maturity provisions of the Promissory Note to the May 6, 2026 subordination agreement, such that the entire unpaid principal balance of the Promissory Note shall be payable on a date that is 91 days after the debt under the May 6, 2026 financing has been fully paid and the Loan Agreement has been terminated, (ii) eliminate all prior maturity triggers related to capital raises, issuances of debt or equity securities, or royalty-backed monetizations, (iii) prohibit prepayment of the Promissory Note in cash prior to the new maturity date, and (iv) add a voluntary conversion feature allowing Citius Pharma, subject to the Company's approval, to convert all or a portion of the outstanding principal into shares of common stock at a conversion price equal to \$0.90 per share. All other terms of the Promissory Note remain the same.

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

The following discussion and analysis of our financial condition and results of operations for the three and six months ended March 31, 2026 and 2025 should be read together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Report and in conjunction with the audited financial statements of Citius Pharmaceuticals, Inc. included in our Annual Report on Form 10-K for the year ended September 30, 2025, filed with the SEC on December 23, 2025, as amended on January 28, 2026. The following discussion contains “forward-looking statements” that reflect our future plans, estimates, beliefs and expected performance. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please see “Cautionary Note Regarding Forward-Looking Statements” on page iii of this Report.

Business

We are a biopharmaceutical company dedicated to the development and commercialization of first-in-class critical care products. On September 12, 2014, we acquired Citius Pharmaceuticals, LLC as a wholly-owned subsidiary. Citius Pharmaceuticals, LLC was dissolved on December 29, 2023.

On March 30, 2016, we acquired all of the outstanding stock of Leonard-Meron Biosciences, Inc. by issuing shares of our common stock. We acquired identifiable intangible assets of \$19,400,000 related to in-process research and development and recorded goodwill of \$9,346,796 for the excess of the purchase consideration over the net assets acquired.

On September 11, 2020, we formed NoveCite, Inc., of which we own 75% of the issued and outstanding capital stock.

On August 23, 2021, we formed Citius Acquisition Corp., or SpinCo, as a wholly-owned subsidiary in conjunction with the acquisition of LYMPHIR, but Citius Acquisition did not begin operations until April 2022, when Citius Pharma transferred to it the assets related to LYMPHIR, including the related license agreement with Eisai and the related asset purchase agreement with Dr. Reddy’s Laboratories SA, a subsidiary of Dr. Reddy’s. At this time, Citius Acquisition changed its name to Citius Oncology, Inc. In August 2024, as part of the merger, the new publicly-traded company and majority-owned subsidiary was named Citius Oncology, Inc.

In-process research and development of \$19,400,000 represents the value of LMB’s leading drug candidate (Mino-Lok), which is an antibiotic solution used to treat catheter-related bloodstream infections and is expected to be amortized on a straight-line basis over a period of eight years commencing upon revenue generation. Goodwill of \$9,346,796 represents the value of LMB’s industry relationships and its assembled workforce. Goodwill will not be amortized but will be tested at least annually for impairment. In-process research and development of \$73,400,000 represents the value of our exclusive license for LYMPHIR (denileukin difitox), an oncology immunotherapy for the treatment of CTCL, a rare form of non-Hodgkin lymphoma and is being amortized on a straight-line basis over the remaining period of market exclusivity commencing upon revenue generation in December 2025.

Through March 31, 2026, we have devoted substantially all of our efforts to product development, raising capital, building infrastructure through strategic alliances and coordinating activities relating to our proprietary products. We have realized limited revenues from the sale of LYMPHIR, which commenced in December 2025.

Reverse Stock Split

Effective November 25, 2024, we executed a reverse stock split of our common stock, at a ratio of 1-for-25. All share amounts have been retroactively adjusted to reflect the split.

Patent and Technology License Agreements

Mino-Lok[®] - LMB has a patent and technology license agreement with Novel Anti-Infective Therapeutics, Inc. (“NAT”) to develop and commercialize Mino-Lok on an exclusive, worldwide sub-licensable basis, as amended. Since May 2014, LMB has paid an annual maintenance fee, which began at \$30,000 and has increased over five years to \$90,000, where it will remain until the commencement of commercial sales of a product subject to the license. LMB will also pay annual royalties on net sales of licensed products, with a low double digit royalty rate (within a range of 10% to 15%). In limited circumstances in which the licensed product is not subject to a valid patent claim and a competitor is selling a competing product, the royalty rate is in the low to mid-single digits (within a range of 2% to 7%). After a commercial sale is obtained, LMB must pay minimum aggregate annual royalties of \$100,000 in the first commercial year which is prorated for a less-than-12-month period, increasing \$25,000 per year to a maximum of \$150,000 annually. LMB must also pay NAT up to \$1,100,000 upon achieving specified regulatory and sales milestones. Finally, LMB must pay NAT a specified percentage of payments received from any sub-licensees.

NoveCite - On October 6, 2020, our subsidiary NoveCite entered into a license agreement with Novellus Therapeutics Limited, whereby NoveCite acquired an exclusive, worldwide license, with the right to sublicense, to develop and commercialize a stem cell therapy based on Novellus's patented technology for the treatment of acute pneumonitis of any etiology in which inflammation is a major agent in humans. Upon execution of the license agreement, NoveCite paid \$5,000,000 to Novellus and issued Novellus shares of NoveCite's common stock representing 25% of NoveCite's outstanding equity. We own the other 75% of NoveCite's outstanding equity.

In July 2021, Novellus was acquired by Brooklyn ImmunoTherapeutics and the NoveCite license was assumed by Brooklyn with all original terms and conditions. In October 2021, Brooklyn changed its name to Eterna Therapeutics Inc. ("Eterna").

As part of the Novellus and Brooklyn merger transaction, the 25% non-dilutive position per the subscription agreement between Novellus and NoveCite was removed.

Under the license agreement, NoveCite is obligated to pay Eterna up to an aggregate of \$51,000,000 in regulatory and developmental milestone payments. NoveCite also must pay a royalty equal to a mid-teens percentage of net sales, commencing upon the first commercial sale of a licensed product. This royalty is subject to downward adjustment on a product-by-product and country-by-country basis to a mid-single digit percentage (within a range of 4% to 8%) of net sales in any country in the event of the expiration of the last valid patent claim or if no valid patent claim exists in that country. The royalty will end on the earlier of (i) date on which a biosimilar product is first marketed, sold, or distributed by Eterna or any third party in the applicable country or (ii) the 10-year anniversary of the date of expiration of the last-to-expire valid patent claim in that country. In the case of a country where no licensed patent ever exists, the royalty will end on the later of (i) the date of expiry of such licensed product's regulatory exclusivity and (ii) the 10-year anniversary of the date of the first commercial sale of the licensed product in the applicable country. In addition, NoveCite will pay to Eterna an amount equal to a mid-twenties percentage of any sublicensee fees it receives.

Under the terms of the license agreement, in the event that Eterna receives any revenue involving the original cell line included in the licensed technology, then Eterna shall remit to NoveCite 50% of such revenue.

LYMPHIR - In September 2021, the Company entered into an asset purchase agreement with Dr. Reddy's and a license agreement with Eisai to acquire an exclusive license of E7777 (denileukin diftitox), an oncology immunotherapy for the treatment of CTCL, a rare form of non-Hodgkin lymphoma. Citius Pharma assigned these agreements to Citius Acquisition Corp. effective April 1, 2022. We renamed E7777 as I/ONTAK and also obtained the trade name LYMPHIRTM for the product. Denileukin diftitox is referred to in this report as E7777, I/ONTAK or LYMPHIR, depending on the period of time and context that is being discussed.

Under the terms of these agreements, Citius Pharma acquired Dr. Reddy's exclusive license of E7777 from Eisai and other related assets owned by Dr. Reddy's (which are now owned by Citius Oncology). The exclusive license, through Citius Oncology, includes rights to develop and commercialize E7777 in all markets except for Japan and certain parts of Asia. Eisai retains exclusive development and marketing rights for the agent in Japan, China, Korea, Taiwan, Hong Kong, Macau, Indonesia, Thailand, Malaysia, Brunei, Singapore, India, Pakistan, Sri Lanka, Philippines, Vietnam, Myanmar, Cambodia, Laos, Afghanistan, Bangladesh, Bhutan, Nepal, Mongolia, and Papua New Guinea. Citius Pharma paid Dr. Reddy's a \$40 million upfront payment which represents the acquisition date fair value of the in-process research and development acquired from Dr. Reddy's. Dr. Reddy's is entitled to up to \$40 million in development milestone payments related to CTCL approvals in the U.S. and other markets, up to \$70 million in development milestones for additional indications, as well as commercial milestone payments and low double-digit tiered royalties on net product sales (within a range of 10% to 15%), and up to \$300 million for commercial sales milestones. Citius Oncology also must pay on a fiscal quarter basis tiered royalties equal to low double-digit percentages of net product sales (within a range of 10% to 15%). The royalties will end on the earlier of (i) the 15-year anniversary of the first commercial sale of the latest indication that received regulatory approval in the applicable country and (ii) the date on which a biosimilar product results in the reduction of net sales in the applicable product by 50% in two consecutive quarters, as compared to the four quarters prior to the first commercial sale of the biosimilar product. Citius Oncology will also pay Dr. Reddy's an amount equal to a low-thirties percentage of any sublicensee upfront consideration or milestone payments (or the like) received by us and the greater of (i) a low-thirties percentage of any sublicensee sales-based royalties or (ii) a mid-single digit percentage of such licensee's net sales. Citius Pharma is a guarantor of Citius Oncology's payment obligations under these agreements.

At the time of the FDA approval for LYMPHIR, a \$27.5 million milestone payment became payable to Dr. Reddy's under the terms of the asset purchase agreement for which a balance of \$17.65 million remains due as of March 31, 2026. Dr. Reddy's agreed to a partial deferral without penalty of this milestone payment.

Under the license agreement, Eisai was due a \$5.9 million milestone payment, upon FDA approval, and additional commercial milestone payments related to the achievement of net product sales thresholds and an aggregate of up to \$22 million related to the achievement of net product sales thresholds. We were also required to reimburse Eisai for up to \$2.65 million of its costs to complete the Phase 3 pivotal clinical trial for LYMPHIR for the CTCL indication and reimburse Eisai for all reasonable costs associated with the preparation of a BLA for LYMPHIR. Eisai was responsible for completing the CTCL clinical trial, and CMC activities through the filing of the BLA for LYMPHIR with the FDA. We are responsible for development costs associated with potential additional indications.

On March 28, 2025, Citius Oncology and Eisai entered into a letter agreement that amended the license agreement to provide for a payment schedule to Eisai for the milestone payment and certain unpaid invoices. We agreed to pay Eisai \$2,535,318 on July 15, 2025, \$2,350,000 on the 15th of each of the subsequent four months, and make a final payment of \$2,197,892 on or before December 15, 2025, in each case with interest on each obligation from its original due date through the date of payment at the rate of 2% per annum. During the six months ended March 31, 2026, we recorded \$78,872 in interest expense under the agreement. The parties released each other from any and all claims, losses, damages, costs and expenses that arise from or related to our failure to pay the milestone payment or the other incurred costs under the license agreement except for any claims arising out of a breach of the letter agreement. All other terms of the license agreement remain in full force and effect. On December 15, 2025, we paid Eisai the balance of the outstanding milestone approval fee and accumulated interest on the license fee. At March 31, 2026, we owe Eisai approximately \$6.3 million for certain other unpaid invoices.

The term of the license agreement will continue until the 10-year anniversary of the first commercial sale on a country-by-country basis. The first commercial sale in the United States occurred in December 2025. The term of the license may be extended for additional 10-year periods for all countries in the territory by notifying Eisai and paying an extension fee equal to \$10 million. Either party may terminate the license agreement upon written notice if the other party is in material breach of the agreement, subject to cure within the designated time periods. Either party also may terminate the license agreement immediately upon written notice if the other party files for bankruptcy or takes related actions or is unable to pay its debts as they become due. Additionally, either party will have the right to terminate the agreement if the other party directly or indirectly challenges the patentability, enforceability or validity of any licensed patent.

Under the purchase agreement with Dr. Reddy's, we are required to (i) use commercially reasonable efforts to make commercially available products in the CTCL indication, peripheral T-cell lymphoma indication and immuno-oncology indication, (ii) initiate two investigator initiated immuno-oncology trials (both of which have been initiated), (iii) use commercially reasonable efforts to achieve each of the approval milestones, and (iv) to complete each specified immuno-oncology investigator trial on or before the four-year anniversary of the effective date of the definitive agreement. Additionally, we are required to commercially launch a product in a territory within six months of receiving regulatory approval for such product in each such jurisdiction; though approved in August 2024, Dr. Reddy's waived the six-month requirement and the launch of LYMPHIR in December 2025 satisfied this requirement in the U.S.

Recent Events

Commercial Launch Activities

On March 31, 2026, Citius Oncology provided an update on the U.S. commercial launch of LYMPHIR, highlighting continued adoption across leading oncology centers, broad payer coverage progress, and advancing investigator-led clinical studies. Citius Oncology expects continued expansion in prescribing activity, together with further clinical validation through ongoing investigator-led studies. These trends support LYMPHIR's potential not only for continued integration in the CTCL treatment landscape, but also its potential as a part of a combination immunotherapy regimen in other cancers.

Key Early Launch Metrics:

- Growth in orders from target institutions since launch, with initial accounts placing repeat orders;
- Strong institutional uptake, with 83% of target accounts having added or actively progressing LYMPHIR through formulary review;
- Broad and expanding market access with 135 health plans representing 80% of covered lives, secured and reimbursement systems established;
- No reported reimbursement denials or prior authorization barriers;
- Increasing demand for product education;
- Initial penetration into community infusion centers underway with patients beginning to transition from larger cancer centers;
- Commercial buildout proceeding, with field team onboarding and expansion in progress with our contracted sales organization; and,
- Commercial supply remains well positioned to support anticipated U.S. demand, and international expansion.

On April 29, 2026, Citius Oncology announced the initial shipment of LYMPHIR to Europe through a regional distribution partner, marking an important milestone in expanding access to the therapy for patients outside the US. LYMPHIR will be made available to eligible patients through Named Patient Programs in accordance with local regulations in each country. The initiation of European distribution represents a strategic step in Citius Oncology's effort to extend access to LYMPHIR.

US Distribution Agreements

In 2025, Citius Oncology executed three service agreements with U.S. pharmaceutical specialty distributors who are the customers and who distribute LYMPHIR to healthcare organizations, which include academic centers, community oncology practices, as well as infusion centers. The transaction price for gross product revenues under these customer specialty distributor agreements are based on the contractually stated wholesale acquisition cost. The transaction price is reduced for variable considerations, including product returns, chargebacks, co-payment assistance, and other gross-to-net adjustments, which are reasonably estimated by Citius Oncology and constrained to amounts that are probable not to result in a significant revenue reversal. As LYMPHIR is a newly launched product, any reasonable estimates made by Citius Oncology regarding certain gross-to-net adjustments will result from certain information, such as inventory held by distributors, market data or comparable products, until sufficient historical data becomes available.

International Distribution Agreements

On October 7, 2025, Citius Oncology entered into an exclusive distribution agreement with Integris Pharma S.A., headquartered in Athens, Greece to make LYMPHIR available to eligible patients through country-specific Named Patient Programs ("NPPs"). The partnership covers Greece, Cyprus, Malta, Bulgaria, Romania, Croatia, Serbia, Albania, Bosnia Herzegovina, Kosovo, Montenegro and North Macedonia. NPPs are formally recognized pathways designed to give patients earlier access to promising new medicines in advance of full marketing authorization and commercial availability in markets outside the U.S. Under these programs, a treating physician may request a therapy for an individual patient when no adequate approved alternatives exist. In doing so, NPPs bridge a critical gap between the completion of clinical trials in each region and broad market introduction, ensuring that patients with serious illnesses are not left waiting for life-extending innovations. These programs provide access, where permitted by local law, and do not constitute commercial approval of LYMPHIR outside the U.S.

On December 4, 2025, Citius Oncology announced an exclusive distribution agreement with Er-Kim İlaç Sanayi ve Ticaret A.Ş. ("Er-Kim"), a leading pharmaceutical distributor based in Turkey, for LYMPHIR. Under the agreement, Er-Kim will be the exclusive distributor of LYMPHIR in Turkey and key Gulf Cooperation Council (GCC) countries, including Bahrain, Qatar, Oman, Kuwait, Saudi Arabia, and the United Arab Emirates.

On February 11, 2026, Citius Oncology announced an exclusive distribution agreement with Uniphar ("Uniphar"), a leading international healthcare services company, to support access to LYMPHIR. Under the agreement, Uniphar will serve as Citius Oncology's exclusive distribution partner in designated international territories in Western and Eastern Europe. Citius Oncology will supply finished product and provide ongoing support in accordance with the agreement. LYMPHIR is not approved for commercial use outside the U.S. and, will be provided solely through country-specific managed access programs, which do not constitute marketing authorization or a commercial launch.

Investigator Initiated Trials

On March 4, 2026, Citius Oncology announced positive topline safety and efficacy results from an investigator-initiated Phase 1 trial evaluating LYMPHIR administered prior to commercial CD19 directed CAR T therapy in patients with high risk relapsed or refractory diffuse large B cell lymphoma (DLBCL).

On March 10, 2026, Citius Oncology announced positive topline results from a completed investigator-initiated Phase 1 clinical trial conducted by University of Pittsburgh investigators. This study evaluated the direct T-regulatory (Treg) cell depletion activity of LYMPHIR in combination with the PD-1 immune checkpoint inhibitor pembrolizumab (KEYTRUDA®) in patients with recurrent or refractory gynecologic cancers, including ovarian and endometrial malignancies.

Discussions are ongoing regarding next-stage development with respect to both investigator-initiated trials.

RESULTS OF OPERATIONS

Three months ended March 31, 2026 compared with the Three months ended March 31, 2025

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Revenue	\$ 1,667,298	—
Cost of revenues	(328,878)	—
Gross profit	<u>1,338,420</u>	<u>—</u>
Operating expenses:		
Research and development	1,633,518	3,766,525
Amortization of in-process research and development	1,720,312	—
General and administrative	26,391,101	4,792,122
Stock-based compensation – general and administrative	3,788,275	2,702,031
Total operating expenses	<u>33,533,206</u>	<u>11,260,678</u>
Operating loss	(32,194,786)	(11,260,678)
Interest income	53,584	13,413
Gain on sale of New Jersey net operating losses	3,833,277	—
Interest expense	(33,031)	—
Loss before income taxes	(28,340,956)	(11,247,265)
Income tax expense (benefit)	(231,210)	264,240
Net loss	<u>\$ (28,109,746)</u>	<u>\$ (11,511,505)</u>

Revenues

Product revenues for the three months ended March 31, 2026 were \$1,667,298, as Citius Oncology began commercial distribution of LYMPHIR in December 2025. Gross profit on product revenues for the three months ended March 31, 2026 was approximately 80%.

We believe that revenues will increase in the future as LYMPHIR gains market acceptance and have already seen initial accounts placing repeat orders, and on April 29, 2026, Citius Oncology announced its initial shipment to Europe.

Research and Development Expenses

For the three months ended March 31, 2026, research and development expenses were \$1,633,518, as compared to \$3,766,525 during the three months ended March 31, 2025, a decrease of \$2,133,007.

Research and development costs for Mino-Lok decreased by \$56,092 to \$66,478 for the three months ended March 31, 2026, as compared to \$122,570 for the three months ended March 31, 2025 primarily related to lower costs related to Mino-Lok combination studies. In November 2024, the Company held a Type C meeting with the FDA to discuss the results of the Phase 3 study and to obtain the FDA's view on development plans for Mino-Lok. The FDA provided clear, constructive, and actionable guidance during the discussion, underscoring a pathway to support a future New Drug Application (NDA) submission for Mino-Lok.

Research and development costs for Halo-Lido were \$1,750 for the three months ended March 31, 2026, as compared to no costs for the three months ended March 31, 2025. The Phase 2 study was completed in April 2023. Citius subsequently met with the FDA for an end of Phase 2 meeting to discuss next steps in the clinical development program.

Research and development costs for LYMPHIR decreased by \$2,085,664 to \$1,555,815 during the three months ended March 31, 2026, as compared to \$3,641,479 for the three months ended March 31, 2025 was primarily related to expense recognized in the three months ended March 31, 2025 for a pre-license inspection batch of LYMPHIR previously manufactured.

Amortization of in-process research and development

Amortization of in-process research and development commenced upon revenue generation in December 2025. For the three months ended March 31, 2026, amortization was \$1,720,312. In-process research and development is being amortized on a straight-line basis over the remaining FDA product exclusivity period, which ends in August 2036.

General and Administrative Expenses

For the three months ended March 31, 2026, general and administrative expenses were \$26,391,101, as compared to \$4,792,122 during the three months ended March 31, 2025. General and administrative expenses increased by \$21,598,979 in comparison with the prior period. The increase was primarily related to a notice of termination from a contract manufacturing organization received in February 2026. In March 2026, we recorded a contract cancellation fee of \$19,733,307. Other general and administrative expenses consist primarily of compensation costs, professional fees for legal, regulatory, accounting, and corporate development services, and investor relations expenses.

Stock-based Compensation Expense

For the three months ended March 31, 2026, stock-based compensation was \$3,788,275 as compared to \$2,702,031 for the three months ended March 31, 2025. Stock-based compensation increased by \$1,086,244 primarily due to the Citius Oncology restricted stock awards granted in September 2025.

Stock-based compensation expense for the three months ended March 31, 2026, includes \$261,565 for Citius Pharma options, \$1,858,443 for Citius Oncology options and \$1,668,267 for Citius Oncology restricted stock awards. Stock-based compensation expense for the three months ended March 31, 2025 includes \$613,459 for Citius Pharma options and \$2,088,572 for Citius Oncology options.

Other Income (Expense)

For the three months ended March 31, 2026, interest income was \$53,584, as compared to interest income of \$13,413 for the three months ended March 31, 2025. We have invested the remaining proceeds of our equity offerings in money market accounts.

We recognized a gain of \$3,833,277 for the three months ended March 31, 2026, in connection with the sale of certain New Jersey income tax net operating losses to a third party under the New Jersey Technology Business Tax Certificate Transfer Program.

For the three months ended March 31, 2026, interest expense was \$33,031, as compared to \$0 for the three months ended March 31, 2025 all related to the March 28, 2025 letter agreement with Eisai.

Income Taxes

The Company recorded a deferred income tax benefit of \$231,210 in the three months ended March 31, 2026 and a deferred income tax expense of \$264,240 in the three months ended March 31, 2025. Deferred income tax expense or benefit is related to the difference in amortization for taxable purposes of our in-process research and development asset and the financial statement amortization.

Net Loss

For the three months ended March 31, 2026, we incurred a net loss of \$28,109,746, as compared to a net loss of \$11,511,505 for the three months ended March 31, 2025. The increase of \$16,598,241 in the net loss was due to the increase of \$22,272,528 in operating expenses offset by the increase in gross profit of \$1,338,420, the increase in other income of \$3,840,417 and the decrease in income tax expense of \$495,450.

Six months ended March 31, 2026 compared with the six months ended March 31, 2025

	Six Months Ended March 31, 2026	Six Months Ended March 31, 2025
Revenue	\$ 5,611,409	—
Cost of revenues	(1,118,086)	—
Gross profit	4,493,323	—
Operating expenses:		
Research and development	3,233,237	5,893,563
Amortization of in-process research and development	2,293,750	—
General and administrative	32,111,828	10,179,874
Stock-based compensation – general and administrative	8,068,502	5,226,855
Total operating expenses	45,707,317	21,300,292
Operating loss	(41,213,994)	(21,300,292)
Interest income	98,681	36,021
Gain on sale of New Jersey net operating losses	3,833,277	—
Interest expense	(188,569)	—
Loss before income taxes	(37,470,605)	(21,264,271)
Income tax expense	33,030	528,480
Net loss	\$ (37,503,635)	\$ (21,792,751)

Revenues

Product revenues for the six months ended March 31, 2026 were \$5,611,409, as Citius Oncology began commercial distribution of LYMPHIR in December 2025. Gross profit on product revenues for the six months ended March 31, 2026 was approximately 80%.

We believe that revenues will increase in the future as LYMPHIR gains market acceptance as Citius Oncology has already seen initial accounts placing repeat orders, and on April 29, 2026, Citius Oncology announced our initial shipment to Europe.

Research and Development Expenses

For the six months ended March 31, 2026, research and development expenses were \$3,233,237, as compared to \$5,893,563 during the six months ended March 31, 2025, a decrease of \$2,660,326.

Research and development costs for Mino-Lok decreased by \$360,278 to \$147,308 for the six months ended March 31, 2026, as compared to \$507,586 for the six months ended March 31, 2025, due primarily to decreased costs for the Mino-Lok combination studies, as well as decreased development related manufacturing costs. In November 2024, the Company held a Type C meeting with the FDA to discuss the results of the Phase 3 study and to obtain the FDA's view on development plans for Mino-Lok. The FDA provided clear, constructive, and actionable guidance during the discussion, underscoring a pathway to support a future New Drug Application (NDA) submission for Mino-Lok. Update?

Research and development costs for Halo-Lido decreased by \$6,627 to \$4,069 for the six months ended March 31, 2026, as compared to \$10,696 for the six months ended March 31, 2025. The Phase 2 study was completed in April 2023. Citius subsequently met with the FDA for an end of Phase 2 meeting to discuss next steps in the clinical development program.

Research and development costs for LYMPHIR decreased by \$2,303,609 to \$3,065,410 during the six months ended March 31, 2026, as compared to \$5,369,019 for the six months ended March 31, 2025, was primarily related to expense recognized in the three months ended March 31, 2025 for a pre-license inspection batch LYMPHIR previously manufactured.

Amortization of in-process research and development

Amortization of in-process research and development commenced upon revenue generation by LYMPHIR in December 2025. For the six months ended March 31, 2026 amortization was \$2,293,750. In-process research and development is being amortized on a straight-line basis over the remaining FDA product exclusivity period which ends in August 2036.

General and Administrative Expenses

For the six months ended March 31, 2026, general and administrative expenses were \$32,111,828, as compared to \$10,179,874 during the six months ended March 31, 2025. General and administrative expenses increased by \$21,931,954 in comparison with the prior period. The increase of \$21,931,954 was primarily related to a notice of termination from a contract manufacturing organization received in February 2026. In March 2026, we recorded a contract cancellation fee of \$19,733,307. Other general and administrative expenses consist primarily of compensation costs, professional fees for legal, regulatory, accounting, and corporate development services, and investor relations expenses.

Stock-based Compensation Expense

Stock-based compensation expense under all plans for the six months ended March 31, 2026 and 2025 was \$8,068,502 (including \$585,742 for Citius Pharma options, \$4,110,478 for Citius Oncology options and \$3,372,282 for Citius Oncology restricted stock unit awards) and \$5,226,825 (including \$1,329,775 for Citius Pharma options and \$3,897,050 for Citius Oncology options), respectively.

Stock-based compensation expense for the six months ended March 31, 2026 increased by \$2,841,647 in comparison to the prior period primarily due to the Citius Oncology restricted stock unit awards granted in September 2025.

Other Income (Expense)

For the six months ended March 31, 2026, interest income was \$98,681, as compared to interest income of \$36,021 for the six months ended March 31, 2025. We have invested the remaining proceeds of our equity offerings in money market accounts.

We recognized a gain of \$3,833,277 for the six months ended March 31, 2026, in connection with the sale of certain New Jersey income tax net operating losses to a third party under the New Jersey Technology Business Tax Certificate Transfer Program.

For the six months ended March 31, 2026, interest expense was \$188,569, as compared to \$0 for the six months ended March 31, 2025. For the six months ended March 31, 2026, interest expense of \$78,872 was related to the March 28, 2025 letter agreement with Eisai and interest expense on the note payable, including the fair value of the warrant issued to the lender was \$109,697.

Income Taxes

The Company recorded a deferred income tax expense of \$33,030 for the six months ended March 31, 2026 and a deferred income tax expense of \$528,480 for the six months ended March 31, 2025. Deferred income tax expense is related to the amortization for taxable purposes of our in-process research and development asset offset by the financial statement amortization of our in-process research and development asset.

Net Loss

For the six months ended March 31, 2026, we incurred a net loss of \$37,503,635, as compared to a net loss of \$21,792,751 for the six months ended March 31, 2025. The increase of \$15,710,884 in the net loss was due to the increase of \$24,407,025 in operating expenses offset by the increase in gross profit of \$4,493,323, the increase in other income of \$3,707,368 and the decrease in income tax expense of \$495,450.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Working Capital

We have incurred operating losses since inception and incurred a net loss of approximately \$37.5 million for the six months ended March 31, 2026. At March 31, 2026, we had an accumulated deficit of approximately \$268.3 million. At March 31, 2026, we had approximately \$4.6 million in cash and a negative working capital of approximately \$23.3 million. Our net cash used in operations during the six months ended March 31, 2026 was approximately \$14.3 million. Our primary source of cash flow since inception has been from financing activities. We have had limited revenue from sales of LYMPHIR, which commenced in December 2025.

On April 24, 2026, Citius Pharma closed a registered direct offering for the sale of 5,076,143 shares of common stock (or pre-funded warrants in lieu thereof) at a purchase price of \$0.985 per share. The Company also issued immediately exercisable unregistered warrants to purchase 5,076,143 shares of common stock at \$0.86 per share. Gross proceeds were approximately \$5.0 million, before deducting the placement agent fees and expenses.

On May 5, 2026, Citius Oncology, entered into an agreement with the holder of certain existing warrants to purchase 12,777,778 shares of Citius Oncology common stock, which consists of all of the 6,818,182 shares underlying warrants originally issued on July 16, 2025, all of the 5,142,858 shares underlying warrants originally issued on September 10, 2025, and 816,738 shares underlying warrants originally issued December 10, 2025, each with an exercise price of \$1.09 per share. As an inducement to the holder for exercising the warrants in cash at a reduced exercise price of \$0.90 per share, Citius Oncology issued the holder new warrants to purchase up to an aggregate of 25,555,556 shares of Citius Oncology common stock, which have similar terms to the exercised warrants and an exercise price of \$0.90. Gross proceeds were approximately \$11.5 million, before deducting the placement agent fees and expenses.

On May 5, 2026 Citius Oncology, entered into a Loan Agreement that makes available term loans in an aggregate principal amount of up to \$25.0 million (collectively, the "Loans"), with (i) \$10.0 million to be funded on May 6, 2026, (ii) up to \$7.0 million beginning on the later of (A) the date on which certain net revenue and liquidity milestones are achieved and (B) October 1, 2026, and continuing through December 31, 2026, and (iii) up to \$8.0 million beginning on the later of (A) the date on which certain additional net revenue milestones are achieved and one or more Tranche 2 Loans have been drawn and (B) January 1, 2027, and continuing through March 31, 2027.

The Loans bear interest at an annual rate equal to the greater of (x) prime plus 6.00% or 12.75%. and mature on November 1, 2029.

In order to satisfy our outstanding milestone payment obligations, as well as meet minimum purchase commitments under our agreements for the manufacture and supply of our drug product, in addition to generating income from the sale of LYMPHIR, we need to obtain substantial additional financing and cannot be sure that any additional funding will be available on terms favorable to us, or at all. As of March 31, 2026, our outstanding milestone payments and purchase commitments include:

- On March 28, 2025, we entered into a letter agreement to pay Eisai \$2,535,318 on or before July 15, 2025, and \$2,350,000 thereafter on the 15th of each of the next four months, and make a final payment of \$2,197,892 on or before December 15, 2025, in each case with interest on each obligation from its original due date at the rate of 2% per annum. As of March 31, 2026, we have paid the milestone in full and owe a balance of approximately \$6.3 million to Eisai for certain other invoices.
- At the time of the FDA approval for LYMPHIR, a \$27.5 million milestone payment became payable to Dr. Reddy's of which a balance of \$17.65 million remains due as of March 31, 2026. Dr. Reddy's has agreed to a partial deferral without penalty of this milestone payment.

- Citius Oncology had previously entered into an agreement with a contract manufacturing organization (“CMO”) for the manufacture and supply of bulk drug substance (“BDS”) with the agreement continuing through calendar year 2026. The agreement was terminated effective February 2026, by the CMO due to the breach of payment obligations by the Citius Oncology. Termination fees associated with this are approximately \$20.1 million consisting of \$17.1 million of charges associated with manufacturing which was previously committed in 2025 and 2026 but not produced, as well as \$1.2 million of un-invoiced but incurred charges related to previous manufactured batches and \$1.8 million of interest and other charges. These fees are included in General and Administrative Expense for the quarter ended March 31, 2026. Separately, in March 2026, the CMO gave notice that it made a decision to terminate all production at the current site related to microbial manufacturing and decommission the associated manufacturing lines. In March 2026 and in connection with the notice of termination from the CMO, we recorded a contract cancellation fee of \$19,733,307 net of invoices already included in accounts payable.

Citius Oncology has been evaluating new BDS suppliers and anticipates entering into a letter of intent with a new CMO by June 30, 2026 with a subsequent master services agreement to follow. At this time, based on stock on hand and availability of alternate suppliers, we anticipate no interruption in commercial supply for the foreseeable future.

- As of March 31, 2026, we also have commercial supply agreements with two other vendors for the completion and packaging of finished drug products. Minimum purchase commitments under these two agreements are approximately \$4.0 million consisting of purchase commitment obligations of \$2.2 million in calendar years 2026 and \$1.8 million in 2027.

After giving effect to our April 24, 2026 registered direct offering and the Citius Oncology May 5, 2026 warrant exercise and loan agreement, we expect that we and Citius Oncology collectively will have sufficient funds to continue our operations through November 2026. We will need to raise additional capital in the future to support our operations beyond November 2026. There is no assurance, however, that we will be successful in raising needed capital or that the proceeds will be received in an amount or in a timely manner to support our operations.

Investing Activities

During the six months ended March 31, 2026, we paid the final \$2,900,000 due to Eisai in connection with the LYMPHIR approval milestone and paid \$2,100,000 in connection with the milestone payment due to Dr. Reddy’s. At March 31, 2026, we owe Dr. Reddy’s \$17,650,000 representing the balance of the approval milestone.

Inflation

Our management believes that inflation has not had a material effect on our results of operations.

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of our financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the financial statements and the amounts of revenues and expenses recorded during the reporting periods. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

Our critical accounting policies and use of estimates as discussed in the footnotes to the condensed consolidated financial statements included within this Form 10-Q should also be read in conjunction with, the annual consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended September 30, 2025, filed with the SEC on December 23, 2025, as amended January 28, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

Our Chief Executive Officer (who is our principal executive officer) and Chief Financial Officer (who is our principal financial officer and principal accounting officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of March 31, 2026. In designing and evaluating disclosure controls and procedures, we recognize that any disclosure controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objective. As of March 31, 2026, based on the evaluation of these disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms.

Changes In Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2026 that have materially affected, or are 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 to the Company's risk factors as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2025, filed with the SEC on December 23, 2025, as amended January 28, 2026.

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

During the quarter ended March 31, 2026, we did not issue or sell any unregistered securities not previously disclosed.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the quarter ended March 31, 2026, none of our directors or officers adopted or terminated any contract or written plan for the purchase or sale of our securities.

Item 6. Exhibits.

4.1	Form of Warrant issued on April 24, 2026 (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on April 24, 2026).
4.2	Form of Pre-Funded Warrant issued on April 24, 2026 (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on April 24, 2026).
4.3	Form of Placement Agent Warrant issued on April 24, 2026 (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on April 24, 2026).
10.1	Form of Securities Purchase Agreement, dated as of April 24, 2026, by and among Citius Pharmaceuticals, Inc. and the investor signatory thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on April 24, 2026).
10.2	Third Amendment to Promissory Note, dated May 4, 2026, by and between Citius Oncology, Inc. and Citius Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on May 8, 2026).
31.1	Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).*
31.2	Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).*
32.1	Certification of the Principal Executive and Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.*
EX-101.INS	Inline XBRL Instance Document*
EX-101.SCH	Inline XBRL Taxonomy Extension Schema Document*
EX-101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
EX-101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
EX-101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
EX-101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
EX-104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* Filed herewith.

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.

CITIUS PHARMACEUTICALS, INC.

Date: May 15, 2026

By: /s/ Leonard Mazur
Leonard Mazur
Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2026

By: /s/ Jaime Bartushak
Jaime Bartushak
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

I, Leonard Mazur, certify that:

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

May 15, 2026

By: /s/ Leonard Mazur

Leonard Mazur
Chief Executive Officer and Chairman
(Principal Executive Officer)

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

I, Jaime Bartushak, certify that:

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

May 15, 2026

By: /s/ Jaime Bartushak

Jaime Bartushak
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER AND THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Citius Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Leonard Mazur, Chief Executive Officer and Chairman of the Company, and Jaime Bartushak, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

May 15, 2026

By: /s/ Leonard Mazur

Leonard Mazur
Chief Executive Officer and Chairman
(Principal Executive Officer)

By: /s/ Jaime Bartushak

Jaime Bartushak
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)