

**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 June 30, 2026

OR

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

Lantern Pharma Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-39318

(Commission
File Number)

46-3973463

(IRS Employer
Identification No.)

1920 McKinney Avenue, 7th Floor Dallas, Texas

(Address of Principal Executive Offices)

75201

(Zip Code)

(972) 277-1136

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.0001 par value	LTRN	The Nasdaq Stock 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

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

As of August 10, 2026 the registrant had 12,784,146 shares of common stock, \$0.0001 par value per share outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. We make such forward-looking statements pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act, Section 21E of the Securities Exchange Act of 1934, as amended, and other federal securities laws. All statements, other than statements of historical fact, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future preclinical study activities, future clinical trial activities, future research activities, future financial position, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words “anticipate,” “believe,” “contemplate,” “could,” “estimate,” “expect,” “intend,” “seek,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “target,” “model,” “objective,” “aim,” “upcoming,” “should,” “will” “would,” or the negative of these words or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties.

The forward-looking statements in this Quarterly Report on Form 10-Q include, among other things, statements relating to:

- the existence of substantial doubt regarding our ability to continue as a going concern in the absence of obtaining substantial additional funding;
- our ability to secure sufficient funding and alternative sources of funding to support our existing and proposed preclinical studies and clinical trials;
- the potential advantages of our RADR[®] platform in identifying drug candidates and patient populations that are likely to respond to a drug candidate;
- our strategic plans to advance the development of any of our drug candidates;
- our strategic plans to expand the number of data points that our RADR[®] platform can access and analyze;
- our strategic plans to advance our Open-Medicine AI platform;
- our research and development efforts of our internal drug discovery and development programs and antibody drug conjugate (ADC) development program and the utilization of our RADR[®] platform to streamline the drug development process;
- the initiation, timing, progress, and results of our preclinical studies or clinical trials for any of our drug candidates;
- our intention to leverage artificial intelligence, machine learning and biomarker data to streamline the drug development process and to identify patient populations that would likely respond to a drug candidate;
- our plans to discover and develop drug candidates and to maximize their commercial potential by advancing such drug candidates ourselves or in collaboration with others;
- our expectations regarding our ability to fund our operating expenses and capital expenditure requirements with our existing cash, cash equivalents and marketable securities;
- our estimates regarding the potential market opportunity for our drug candidates we or any of our collaborators may in the future develop;
- our anticipated growth strategies and our ability to manage the expansion of our business operations effectively;
- our expectations related to future expenses and expenditures;
- our ability to keep up with rapidly changing technologies and evolving industry standards, including our ability to achieve technological advances;

- our ability to source our needs for skilled labor in the fields of artificial intelligence, genomics, biology, oncology and drug development; and
- the impact of government laws and regulations on the development and commercialization of our drug candidates and ADC development program.

We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report on Form 10-Q and in the Risk Factors section of our Annual Report on Form 10-K (“2025 Form 10-K”), for the year ended December 31, 2025 filed with the Securities and Exchange Commission, or the SEC, on March 30, 2026, and have identified other factors such as the results of our clinical trials, and the impact of competition, that we believe could cause actual results or events to differ materially from the forward-statements that we make. Furthermore, we operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q.

You should read this Quarterly Report on Form 10-Q and the documents that we file with the SEC with the understanding that our actual future results may be materially different from what we expect. These forward-looking statements are based on management’s current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed elsewhere in this Quarterly Report on Form 10-Q and those listed under the Risk Factors section of our 2025 Form 10-K. You may access our 2025 Form 10-K under the investor SEC filings tab of our website at www.lanternpharma.com or on the SEC’s website at www.sec.gov. Given these uncertainties, you should not rely on these forward-looking statements as predictions of future events. The forward-looking statements contained in this Quarterly Report on Form 10-Q are made as of the date of this Quarterly Report, and we do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

In May 2026, we announced plans to create an independent business entity composed of the AI platform, withZeta.ai, and related technologies and personnel under the leadership of our CEO Mr. Panna Sharma. In July 2026, we formed Open Medicine AI Inc. (“Open Medicine AI”) as a wholly-owned subsidiary to commercialize and expand the multi-agent AI co-scientist platform originally launched as withZeta.ai. In connection with the formation of Open Medicine AI, we entered into asset contribution and license agreements granting Open Medicine AI access to Lantern’s withZeta.ai-related models, data, algorithms, and other assets. The Open-Medicine AI multi-agent co-scientist platform represents the strategic evolution of withZeta.ai, including the planned expansion into additional disease areas and modalities.

We believe that establishing Open Medicine AI as a separate business entity will facilitate access to dedicated funding sources and potentially allow realization of valuation opportunities separate from our primary drug development operations, and we anticipate Open Medicine AI will become a newly listed company on a national stock exchange or market. However, there can be no assurance that we will be successful in advancing and obtaining funding for the new entity and there can be no assurance that Open Medicine AI will realize commercial success. Our Open-Medicine AI platform is in its early stage of commercial development and is subject to all of the risks of a new start-up business activity.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

Unless the context requires otherwise, references to the “Company,” “Lantern,” “we,” “us,” and “our” in this Quarterly Report on Form 10-Q refer to Lantern Pharma Inc., a Delaware corporation, and, where appropriate, its wholly-owned subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Lantern Pharma Inc. and Subsidiaries Condensed Consolidated Balance Sheets

	June 30, 2026 (Unaudited)	December 31, 2025
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,660,170	\$ 4,422,838
Marketable securities	701,085	5,696,386
Prepaid expenses & other current assets	1,097,664	683,948
Total current assets	<u>8,458,919</u>	<u>10,803,172</u>
Property and equipment, net	24,271	31,875
Operating lease right-of-use assets	38,242	75,595
Deferred offering costs	54,827	88,431
Other assets	26,090	36,738
TOTAL ASSETS	<u>\$ 8,602,349</u>	<u>\$ 11,035,811</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,282,797	\$ 4,423,048
Operating lease liabilities, current	39,715	78,539
Total current liabilities	<u>4,322,512</u>	<u>4,501,587</u>
Warrant liability	7,497,089	-
TOTAL LIABILITIES	<u>11,819,601</u>	<u>4,501,587</u>
COMMITMENTS AND CONTINGENCIES (NOTE 4)		
STOCKHOLDERS' (DEFICIT) EQUITY		
Preferred Stock (1,000,000 authorized at June 30, 2026 and December 31, 2025; \$.0001 par value) (Zero shares issued and outstanding at June 30, 2026 and December 31, 2025)	-	-
Common Stock (25,000,000 authorized at June 30, 2026 and December 31, 2025; \$.0001 par value) (12,759,146 and 11,254,697 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively)	1,276	1,125
Additional paid-in capital	100,367,581	99,652,724
Accumulated other comprehensive (loss) income	(39,759)	25,430
Accumulated deficit	(103,546,350)	(93,145,055)
Total stockholders' (deficit) equity	<u>(3,217,252)</u>	<u>6,534,224</u>
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	<u>\$ 8,602,349</u>	<u>\$ 11,035,811</u>

See accompanying Notes to Condensed Consolidated Financial Statements

Lantern Pharma Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating expenses:				
General and administrative	\$ 1,717,231	\$ 1,583,521	\$ 3,397,606	\$ 3,093,598
Research and development	1,790,859	3,068,379	3,515,731	6,332,334
Total operating expenses	3,508,090	4,651,900	6,913,337	9,425,932
Loss from operations	(3,508,090)	(4,651,900)	(6,913,337)	(9,425,932)
Interest income	30,079	114,745	72,239	264,535
Other income, net	14,926	206,140	48,842	293,599
Loss on issuance of warrants	(726,427)	-	(726,427)	-
Warrant issuance costs	(755,233)	-	(755,233)	-
Change in fair value of warrant liability	(2,127,379)	-	(2,127,379)	-
NET LOSS	<u>\$ (7,072,124)</u>	<u>\$ (4,331,015)</u>	<u>\$ (10,401,295)</u>	<u>\$ (8,867,798)</u>
Net loss per share of common shares, basic and diluted	\$ (0.57)	\$ (0.40)	\$ (0.88)	\$ (0.82)
Weighted-average number of common shares outstanding, basic and diluted	12,423,174	10,784,725	11,841,335	10,784,725

See accompanying Notes to Condensed Consolidated Financial Statements

Lantern Pharma Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
NET LOSS	\$ (7,072,124)	\$ (4,331,015)	\$ (10,401,295)	\$ (8,867,798)
Other comprehensive loss				
Unrealized loss on available-for-sale securities	(45)	(468)	(2,095)	(8,670)
Unrealized loss on foreign currency translation	(4,077)	(83,223)	(63,094)	(97,277)
Other comprehensive loss	(4,122)	(83,691)	(65,189)	(105,947)
Comprehensive loss	<u>\$ (7,076,246)</u>	<u>\$ (4,414,706)</u>	<u>\$ (10,466,484)</u>	<u>\$ (8,973,745)</u>

See accompanying Notes to Condensed Consolidated Financial Statements

Lantern Pharma Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' (Deficit) Equity (Unaudited)
Three and Six Months Ended June 30, 2025

	Preferred Stock Number of Shares	Preferred Stock Amount	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in- Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2024	-	\$ -	10,784,725	\$ 1,078	\$97,058,323	\$ 153,990	\$ (76,025,617)	\$ 21,187,774
Stock-based compensation	-	-	-	-	147,750	-	-	147,750
Net loss	-	-	-	-	-	-	(4,536,783)	(4,536,783)
Other comprehensive loss	-	-	-	-	-	(22,256)	-	(22,256)
Balance, March 31, 2025	-	-	10,784,725	1,078	97,206,073	131,734	(80,562,400)	16,776,485
Stock-based compensation	-	-	-	-	160,626	-	-	160,626
Net loss	-	-	-	-	-	-	(4,331,015)	(4,331,015)
Other comprehensive loss	-	-	-	-	-	(83,691)	-	(83,691)
Balance, June 30, 2025	-	\$ -	10,784,725	\$ 1,078	\$97,366,699	\$ 48,043	\$ (84,893,415)	\$ 12,522,405

Three and Six Months Ended June 30, 2026

	Preferred Stock Number of Shares	Preferred Stock Amount	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in- Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance, December 31, 2025	-	\$ -	11,254,697	\$ 1,125	\$ 99,652,724	\$ 25,430	\$ (93,145,055)	\$ 6,534,224
Vesting of restricted common stock issued for services	-	-	-	-	38,800	-	-	38,800
Stock-based compensation	-	-	-	-	262,915	-	-	262,915
Net loss	-	-	-	-	-	-	(3,329,171)	(3,329,171)
Other comprehensive loss	-	-	-	-	-	(61,067)	-	(61,067)
Balance, March 31, 2026	-	-	11,254,697	1,125	99,954,439	(35,637)	(96,474,226)	3,445,701
Stock-based compensation	-	-	-	-	285,260	-	-	285,260
Issuance of common stock in Offering, net of proceeds allocated to warrants	-	-	1,454,175	146	-	-	-	146
Issuance of restricted common stock for services	-	-	50,000	5	126,995	-	-	127,000
Issuance of common stock upon exercise of stock options	-	-	274	-	887	-	-	887
Net loss	-	-	-	-	-	-	(7,072,124)	(7,072,124)
Other comprehensive loss	-	-	-	-	-	(4,122)	-	(4,122)
Balance, June 30, 2026	-	\$ -	12,759,146	\$ 1,276	\$100,367,581	\$ (39,759)	\$ (103,546,350)	\$ (3,217,252)

See accompanying Notes to Condensed Consolidated Financial Statements

Lantern Pharma Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (10,401,295)	\$ (8,867,798)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	7,604	9,075
Non-cash lease adjustments	37,353	96,745
Vesting of restricted common stock issued for services	165,800	-
Stock-based compensation	548,175	308,376
Write-off of deferred offering costs	33,604	-
Accretion of discounts on available for sale debt securities, net	(20,219)	(132,925)
Loss on issuance of warrants	726,427	-
Warrant issuance costs	755,233	-
Change in fair value of warrant liability	2,127,379	-
Foreign currency remeasurement gain	(80,836)	(129,565)
Realized gain on redemptions of available for sale debt securities	-	(22,634)
Realized loss on redemption of equity securities	38,962	142,248
Unrealized loss (gain) on equity securities	32,213	(167,389)
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(412,715)	(62,133)
Accounts payable and accrued expenses	(243,049)	611,731
Operating lease liabilities	(38,824)	(98,618)
Other assets	10,648	-
Net cash flows used in operating activities	(6,713,540)	(8,312,887)
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,159)
Purchases of marketable securities	-	(8,440,696)
Redemptions of marketable securities	4,942,250	15,274,344
Net cash flows provided by investing activities	4,942,250	6,832,489
FINANCING ACTIVITIES		
Proceeds received from Offering, net of issuance costs	3,990,814	-
Proceeds received from stock option exercise	887	-
Net cash flows provided by financing activities	3,991,701	-
Effect of foreign exchange rates on cash	16,921	30,727
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	2,237,332	(1,449,671)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,422,838	7,511,079
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 6,660,170	\$ 6,061,408
Non-cash investing and financing activities:		
Offering costs in accounts payable and accrued expenses	\$ 102,618	\$ -
Deferred offering costs in accounts payable and accrued expenses	10,000	

See accompanying Notes to Condensed Consolidated Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization, Principal Activities, and Basis of Presentation

Lantern Pharma Inc., and Subsidiaries (the “Company”) is an artificial intelligence (A.I.) focused company dedicated to developing cancer therapies and transforming the cost, pace, and timeline of oncology drug discovery and development. The Company’s development portfolio includes three clinical stage oncology focused product candidates and consists of small molecule drug candidates that others have tried, but failed, to develop into an approved commercialized drug, as well as new compounds that it is developing with the assistance of its A.I. platform and its biomarker driven approach. The Company’s A.I. platform, known as RADR[®], uses big data analytics (combining molecular data, drug efficacy data, data from historical studies, data from scientific literature, phenotypic data from trials and publications, and mechanistic pathway data) and machine learning. The Company’s data-driven, genomically-targeted and biomarker-driven approach allows it to pursue a transformational drug development strategy that identifies, rescues or develops, and advances potential small molecule drug candidates.

Lantern Pharma Inc. was incorporated under the laws of the state of Texas on November 7, 2013, and thereafter reincorporated in the state of Delaware on January 15, 2020. The Company’s principal operations are located in Texas. The Company formed a wholly owned subsidiary, Lantern Pharma Limited, in the United Kingdom in July 2017, and dissolved this subsidiary in November 2025. In September 2021, the Company formed a wholly owned subsidiary, Lantern Pharma Australia Pty Ltd, in Australia. In January 2023, the Company formed a wholly owned U.S. subsidiary, Starlight Therapeutics Inc. (“Starlight”), to continue with advancing the development of drug candidate LP-184’s central nervous system (CNS) and brain cancer indications.

Since inception, the Company has devoted substantially all its activity to advancing research and development, including efforts in connection with preclinical studies, clinical trials and development of its A.I. platforms. This now includes three lead drug candidates and an Antibody Drug Conjugate (ADC) program directed towards 11 disclosed therapeutic targets:

- LP-300 (Tavocept), which we are advancing in a Phase 2 clinical trial, the Harmonic[™] trial, focused on never smokers with advanced non-small cell lung cancer;
- LP-184, which has potential for treatment of solid tumors including breast, bladder, lung and pancreatic cancers, and glioblastoma and other CNS cancers. We have completed enrollment in a Phase 1a clinical trial for LP-184. Following the formation of Starlight, the Company now refers to the molecule LP-184, as it is developed in CNS indications, as “STAR-001”;
- LP-284, the stereoisomer (enantiomer) of LP-184, is in a Phase 1 clinical trial, and has shown promising *in-vitro* and *in vivo* anticancer activity in multiple hematological cancers, which are distinct from the indications targeted by LP-184; and
- Our ADC program is focused on developing highly specific ADCs with highly potent drug payloads.

The Company’s fiscal year ends on December 31 of each calendar year. The accompanying interim condensed consolidated financial statements are unaudited and have been prepared on substantially the same basis as the Company’s annual consolidated financial statements for the fiscal year ended December 31, 2025. In the opinion of the Company’s management, these interim condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of the Company’s financial position, results of operations and cash flows for the periods presented. The preparation of 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 the condensed consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from these estimates.

The December 31, 2025 year-end condensed consolidated balance sheet data in the accompanying interim condensed consolidated financial statements was derived from audited consolidated financial statements. These condensed consolidated financial statements and notes do not include all disclosures required by GAAP and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2025 and the notes thereto included in the Company's Annual Report on Form 10-K, dated March 30, 2026, on file with the Securities and Exchange Commission.

The results of operations and cash flows for the interim periods included in these condensed consolidated financial statements are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

Any reference in these notes to applicable guidance refers to Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB"). To date, the Company has operated its business as one segment. The Company's condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Lantern Pharma Limited (for the quarter and six month period ended June 30, 2025), Lantern Pharma Australia Pty Ltd. and Starlight Therapeutics Inc. All intercompany balances and transactions have been eliminated in consolidation.

Note 2. Liquidity and Going Concern

The Company incurred a net loss of approximately \$10,401,000 and \$8,868,000 during the six months ended June 30, 2026 and 2025, respectively. As of June 30, 2026, the Company had working capital of approximately \$4,136,000.

In May 2026, the Company completed a registered direct offering of shares of the Company's common stock and pre-funded warrants to purchase common stock. The Company received gross proceeds of approximately \$4,400,000 from the offering, before deducting offering expenses payable by the Company of approximately \$512,000. In a concurrent private placement, the Company issued warrants to purchase shares of common stock to the investors in the offering. In July 2025, the Company entered into an ATM Sales Agreement ("ATM"), with ThinkEquity LLC ("ThinkEquity"), as sales agent, pursuant to which the Company may offer and sell shares of its common stock from time to time, in "at-the-market" offerings to or through its sales agent.

In addition to its existing capital resources, the Company intends to pursue periodic capital raises, including additional potential sales under the ATM, and also pursue collaborations, grant funding and other opportunities to extend the Company's operating runway. However, the Company's cash, cash equivalents, and marketable securities on hand as of the date of this report will not allow the Company to fund its operating expenses and capital expenditure requirements under its current level of operations for 12 months from the date of this report. For this reason, there is substantial doubt about the Company's ability to continue as a going concern in the absence of obtaining substantial additional funding.

The Company's ability to continue as a going concern is highly contingent on the ability to raise additional capital for ongoing research and development and clinical trials as the Company expects to continue incurring losses for the foreseeable future. If the Company is not able to raise sufficient additional capital when needed, the Company may be required to delay, reduce or eliminate drug development programs and other activities to support extension of its operating runway. The financial statements in this report have been prepared assuming that the Company will continue as a going concern, and do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company has incurred, and it anticipates it will continue to incur, losses and generate negative operating cash flows and as such will require substantial additional funding in the near future to continue its research and development activities. These factors raise substantial doubt about the Company's ability to continue as a going concern in the absence of obtaining substantial additional funding. While the Company plans to pursue periodic capital raises, including additional potential sales under the ATM, as well as potential collaborations, grant funding and other opportunities to extend the Company's operating runway, no assurance can be given that sufficient funding will be available when needed to allow the Company to continue as a going concern.

Note 3. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant areas of estimation include determining research and development accruals, the inputs in determining the fair value of equity-based awards and warrants issued, the inputs in determining present value of lease payments, and determining the fair value of marketable securities. Actual results could differ from those estimates.

Foreign Currency

We translate the financial statements of our Australian subsidiary, which has a functional currency of the Australian dollar, to U.S. dollars using month-end exchange rates for assets and liabilities and average exchange rates for income and expenses. Translation gains and losses are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity. Gains and losses resulting from foreign currency transactions that are denominated in currencies other than our functional currency (U.S. dollar) are included within other income, net on the consolidated statements of operations.

Risks and Uncertainties

The Company operates in an industry that is subject to intense competition, government regulation and rapid technological change. Operations are subject to significant risk and uncertainties including financial, operational, technological, regulatory, and other risks, including the potential risk of business failure.

Our marketable securities may be impacted by various risks related to interest rates, market conditions, stock market fluctuations and credit risk. Our marketable securities that are debt securities have had and may in the future have their market value fluctuate due to rises or falls in interest rates. While we believe our cash, cash equivalents and marketable securities do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are federally insured. Interest bearing and non-interest-bearing accounts we hold at these banking institutions are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor, per FDIC-insured bank, per ownership category. From time to time, some of our cash balances held at banking institutions may be in excess of FDIC coverage.

We currently rely on foreign third-party manufacturers and service providers in connection with certain aspects of our clinical operations. The U.S. government and persons involved in the Trump administration have made statements and taken certain actions that have led to, and may continue to lead to, changes to U.S. and international trade policies. Although some previously imposed tariffs have recently been struck down, potential new tariffs and the potential escalation of trade disputes with foreign countries could pose a significant risk to our business and could result in higher operating expenses. U.S. policies on tariffs and international trade could also result in fluctuations in interest rates, which could have a negative impact on general economic conditions, on the industry sector in which we operate, and on our business.

Research and Development

Research and development costs are expensed as incurred. These expenses primarily consist of payroll, contractor expenses, research study expenses, costs for manufacturing and supplies, clinical site costs and other costs for the conduct of clinical trials, costs for technical infrastructure on the cloud for the purposes of developing the Company's A.I. platforms, and other costs for identifying, developing, and testing drug candidates. Development costs incurred by third parties are expensed as the work is performed. Costs to acquire technologies, including licenses, that are utilized in research and development and that have no alternative future use are expensed when incurred.

When accruing clinical expenses, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If possible, we obtain information regarding unbilled services directly from our service providers. However, we may be required to estimate the cost of these services based only on information available to us. If we underestimate or overestimate the cost associated with a trial or service at a given point in time, adjustments to research and development expenses may be necessary in future periods. Historically, our estimated accrued clinical expenses have generally approximated actual expense incurred.

Cash and Cash Equivalents

The Company considers money market funds and other highly liquid instruments with an original maturity of 3 months or less to be cash equivalents. Cash equivalents at June 30, 2026 and December 31, 2025 were approximately \$5,276,000 and \$1,540,000, respectively, and are included along with cash under the caption cash and cash equivalents on the Company's condensed consolidated balance sheets.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of June 30, 2026 totaled approximately \$1,098,000 and included approximately \$485,000 of upfront payments for contractor fees, academic research studies and services, and subscriptions, approximately \$579,000 of prepaid annual insurance fees, and approximately \$34,000 of receivables from dividends and tax incentives.

Prepaid expenses and other current assets as of December 31, 2025 totaled approximately \$684,000 and included approximately \$360,000 of upfront payments for contractor fees, academic research studies and services, and subscriptions, approximately \$294,000 of prepaid annual insurance fees, and approximately \$30,000 of receivables from dividends and tax incentives.

Leases

The Company determines whether an arrangement contains a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, current portion of operating lease liabilities, and net of current portion of operating lease liabilities on our consolidated balance sheets. Lease ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As the Company’s leases do not provide an implicit rate, an incremental borrowing rate is used based on the information available at the commencement date in determining the present value of lease payments. The Company does not include options to extend or terminate the lease term unless it is reasonably certain that the Company will exercise any such options. Rent expense is recognized under the operating leases on a straight-line basis. The Company does not recognize right-of-use assets or lease liabilities for short-term leases, which have a lease term of twelve months or less, and instead will recognize lease payments as expense on a straight-line basis over the lease term.

Marketable Securities

The Company’s marketable securities at June 30, 2026 consist of mutual funds and common stock. The Company’s marketable securities at December 31, 2025 consist of government and agency securities, mutual funds and common stock. We classify our marketable securities as available-for-sale at the time of purchase and reevaluate such classification as of each balance sheet date. We may sell these securities at any time for use in current operations even if they have not yet reached maturity. As a result, we classify our investments, including securities with maturities beyond twelve months, as current assets in the accompanying condensed consolidated balance sheets.

Available-for-sale debt securities are recorded at fair value each reporting period. Unrealized gains and losses on available-for-sale debt securities are excluded from earnings and recorded as a separate component within accumulated other comprehensive income (loss) on the condensed consolidated balance sheets until realized. Interest is reported within interest income on the condensed consolidated statements of operations. We evaluate our available-for-sale debt securities to assess whether the amortized cost basis is in excess of estimated fair value and determine what amount of that difference, if any, is caused by expected credit losses. Allowance for credit losses are recognized as a charge in other income, net on the condensed consolidated statements of operations, and any remaining unrealized losses are included in accumulated other comprehensive income (loss) on the condensed consolidated balance sheets. The allowance for credit losses is zero at June 30, 2026 and December 31, 2025, and there were no credit losses recorded during the three and six months ended June 30, 2026 and 2025.

Equity securities, which are composed of mutual funds and common stock, are recorded at fair value each reporting period, with changes in fair value of these investments, as well as dividends earned, recorded within other income, net on the condensed consolidated statements of operations.

We determine realized gains and losses on the sale of marketable securities based on the specific identification method and record such gains and losses within other income, net on the condensed consolidated statements of operations.

Deferred Offering Costs

Deferred offering costs consist of legal, accounting, underwriting, and other direct costs incurred in connection with the Company's ATM financing activities. These costs are capitalized as incurred and recognized as a reduction of additional paid-in capital in the consolidated statements of stockholders' equity when shares are issued. At June 30, 2026 and December 31, 2025, the Company had approximately \$55,000 and \$88,000, respectively, of deferred offering costs related to the ATM. At June 30, 2026, stock issuances of up to \$13,905,453 remained available under the ATM, subject to certain limits that may vary from time to time. If the Company terminates the ATM or deems it probable that the full amount available will not be utilized, the related deferred offering costs will be expensed and recognized in general and administrative expenses in the condensed consolidated statements of operations. During the six months ended June 30, 2026, the Company expensed approximately \$33,000 of deferred offering costs. There were no deferred offering costs expensed during the three months ended June 30, 2026 or during the three and six months ended June 30, 2025.

Warrant Liability

The Company has issued warrants that are accounted for as liabilities in accordance with ASC 815. These common stock purchase warrants do not trade in an active securities market, and as such, the Company estimates the fair value of these warrants using a combination of Black Scholes and Monte Carlo pricing models with the assumptions as follows: The risk-free interest rate for periods within the contractual life of the warrant is based on the U.S. Treasury yield curve. The expected life of the warrants is based upon the contractual life of the warrants. The volatility is estimated based on historical volatility of the Company's stock using the closing price of its common shares.

The Company computes the fair value of the warrant liability at issuance and records the initial valuation as a reduction in proceeds from the offering. The warrants are subsequently remeasured at each reporting period until they are either exercised or expired, and the change in the fair value is recorded as non-cash expense or non-cash income. The key component in the value of the warrant liability is the Company's stock price, which is subject to significant fluctuation and is not under the Company's control. The resulting effect on the Company's net loss is therefore subject to significant fluctuation and will continue to be so until the warrants are exercised, amended or expire. Assuming all other fair value inputs remain constant, the Company will record non-cash expense when the stock price increases and non-cash income when the stock price decreases.

Stock-based Compensation

Stock-based awards have been accounted for as required by ASC 718 *Compensation - Stock Compensation*. Under ASC 718, awards are valued at fair value on the date of grant, and that fair value is recognized over the requisite service period. Forfeitures are accounted for as they occur.

New Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, requiring public business entities to provide disaggregated disclosures of relevant income statement expenses. The amendments aim to improve financial reporting by enhancing transparency in the notes to financial statements, specifically regarding expense categories. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company is assessing the effect of this update on its consolidated financial statements and related disclosures.

Note 4. Commitments and Contingencies

General

The Company has entered into, and expects to enter into from time to time in the future, license agreements, strategic alliance agreements, assignment agreements, research service agreements, and similar agreements related to the advancement of its product candidates and research and development efforts. Significant agreements (collectively, the “License, Strategic Alliance, and Research Agreements”) are described in detail in the Company’s 2025 Form 10-K. While specific amounts will fluctuate from quarter to quarter based on clinical trials progress, advancement and completion of research studies and manufacturing projects, and other factors, the Company believes its overall activities regarding License, Strategic Alliance, and Research Agreements are materially consistent with those described in the 2025 Form 10-K, as supplemented by the discussion in the following paragraph.

In addition to the specific agreements described in the 2025 Form 10-K, the Company has entered into, and will in the future enter into, other research and service provider agreements for the advancement of its product candidates and research and development efforts. The Company expects to pay additional amounts in future periods in connection with existing and future research and service provider agreements.

Set forth below are the approximate amounts expensed for License, Strategic Alliance, and Research Agreements during the three and six months ended June 30, 2026 and 2025, respectively. These expensed amounts are included under research and development expenses in the accompanying condensed consolidated statements of operations.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Amount Expensed for License, Strategic Alliance, and Research Agreements	\$ 454,000	\$ 1,133,000	\$ 957,000	\$ 2,314,000

Set forth below at June 30, 2026 and December 31, 2025, respectively, are (1) the approximate amounts accrued and payable under License, Strategic Alliance, and Research Agreements, and (2) the approximate amount of prepaid expenses and other current assets under License, Strategic Alliance, and Research Agreements. These amounts are included in the accompanying condensed consolidated balance sheets.

	June 30, 2026	December 31, 2025
Amount accrued and payable under License, Strategic Alliance, and Research Agreements	\$ 935,000	\$ 1,360,000
Prepaid expenses and other current assets under License, Strategic Alliance, and Research Agreements	\$ 266,000	\$ 220,000

Actuate Therapeutics

In May 2021, the Company entered into a Collaboration Agreement with Actuate Therapeutics, Inc. (“Actuate”), a clinical stage private biopharmaceutical company focused on the development of compounds for use in the treatment of cancer, and inflammatory diseases leading to fibrosis. Pursuant to the agreement, the Company and Actuate have collaborated on utilization of the Company’s RADR[®] platform to develop novel biomarker derived signatures for use with one of Actuate’s product candidates. As part of the collaboration, the Company received 25,000 restricted shares of Actuate stock, subject to meeting certain conditions of the collaboration, as well as the potential to receive additional Actuate stock if results from the collaboration are utilized in future development efforts. In 2023, the term of the Collaboration Agreement was extended until March 31, 2024. Certain affiliates of Bios Partners beneficially own greater than 5% of the Company’s common stock and also hold substantial beneficial ownership interests in Actuate. Through June 30, 2026, no revenues have been recognized under the Collaboration Agreement.

In August 2024, Actuate announced the closing of its initial public offering (“IPO”), which also included a reverse stock split. Following the reverse stock split and the IPO, the Company holds 13,889 shares of common stock, which can be sold by the Company without restriction in accordance with Rule 144 of the Securities Act of 1933. At June 30, 2026 and December 31, 2025, the Actuate common stock held by the Company had a fair value of approximately \$21,000 and \$85,000, respectively, which were included in marketable securities on the Company’s condensed consolidated balance sheets.

Note 5. Leases

The following provides balance sheet information related to leases as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Assets		
Operating lease, right-of-use asset, net	\$ 38,242	\$ 75,595
Liabilities		
Current portion of operating lease liabilities	\$ 39,715	\$ 78,539

At June 30, 2026, the future estimated minimum lease payments under non-cancelable operating leases are as follows:

2026 (remaining six months)	\$ 40,500
Less amount representing interest	(785)
Present value of future minimum lease payments	39,715
Less current portion of operating lease liabilities	(39,715)
Operating lease liabilities, net of current portion	\$ -

At June 30, 2026 and December 31, 2025, the Company has a non-cancelable operating lease for office space in Atlanta, Georgia that requires monthly payments of \$6,750 through December 31, 2026. The lease is subject to automatic renewal on a month-to-month basis unless the Company provides three-months written notice to the landlord. The exercise of lease renewal options is at the Company's sole discretion and is assessed as to whether to include any renewals in the lease term at inception.

The following table provides a reconciliation for the Company's right of use assets and lease liabilities:

	Operating Right-of- Use Assets	Operating Lease Liabilities
Balance at December 31, 2025	\$ 75,595	\$ 78,539
Amortizations and reductions	(37,353)	(38,824)
Balance at June 30, 2026	\$ 38,242	\$ 39,715

Other supplemental information related to operating leases is as follows:

	As of June 30,	
	2026	2025
Weighted average remaining term of operating leases (in years)	0.50	0.89
Weighted average discount rate of operating leases	6.75%	9.50%

The Company also leases office space in Dallas, Texas under two leases. One lease is month-to-month, while the other has a contractual term of one year and ends November 30, 2026. The Company also leases space for material storage and handling under a one-year lease that continues through September 2026. The storage lease is cancelable with 45-days' written notice. Leases with contractual periods of twelve months or less are accounted for under the short-term lease measurement and recognition exemption allowed for by ASC 842. Rent expense is recorded as incurred for these leases.

The components of lease expense were approximately as follows for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease cost	\$ 20,000	\$ 53,000	\$ 39,000	\$ 106,000
Short-term lease cost	22,400	4,800	44,700	9,600
	<u>\$ 42,400</u>	<u>\$ 57,800</u>	<u>\$ 83,700</u>	<u>\$ 115,600</u>

During the six months ended June 30, 2026 and 2025, cash used in operating activities associated with operating leases was approximately \$40,500 and \$108,000, respectively.

Note 6. Stockholders' Equity

Common Stock

As of June 30, 2026 and December 31, 2025, the Company had 25,000,000 authorized shares of common stock, of which 12,759,146 and 11,254,697 shares were issued and outstanding, respectively.

May 2026 Offering and Private Placement

On May 12, 2026, the Company entered into a securities purchase agreement with institutional investors, pursuant to which the Company agreed to issue and sell to such investors in a registered direct offering (i) 1,454,175 shares of common stock of the Company, at an offering price of \$2.06 per share, and (ii) pre-funded warrants to purchase up to 681,748 shares of common stock (the "Pre-Funded Warrants") in lieu of the common shares, at an offering price of \$2.0599 per share (such registered direct offering, the "Offering"). The Offering closed on May 14, 2026, and the Company received gross proceeds of approximately \$4,400,000 from the Offering, before deducting Offering expenses payable by the Company of approximately \$512,000. The Company also issued to the placement agent warrants to purchase up to 106,796 shares of common stock, at an exercise price of \$2.575 per share (the "Placement Agent Warrants") with a fair value of approximately \$243,000 at the date of issuance. In a concurrent private placement, the Company agreed to issue, to such investors, warrants to purchase up to 2,135,923 shares of common stock, at an exercise price of \$2.27 per share (the "Private Placement Warrants"), with a fair value of approximately \$5,126,000 at the date of issuance.

The Company accounts for the Placement Agent Warrants and Private Placement Warrants as liabilities, due to settlement features that may be triggered by a fundamental transaction. The estimated fair value of the Private Placement Warrants exceeded the gross proceeds from the Offering on the date of issuance, resulting in a loss on warrant issuance of approximately \$726,000 during the three and six months ended June 30, 2026. Since all proceeds of the Offering were allocated to the Private Placement Warrants, transaction costs of approximately \$755,000 (including the fair value of the Placement Agent Warrants at issuance) were included in warrant issuance costs on the condensed consolidated statements of operations during the three and six months ended June 30, 2026. See Note 8 for fair value inputs used to determine the estimated fair value of the Private Placement Warrants and Placement Agent Warrants.

Certain members of our Board of Directors participated in the Offering; they purchased an aggregate of 97,088 shares of our common stock and received Private Placement Warrants to purchase an aggregate of up to 97,088 shares of common stock.

Other Stock Issuances

During the three and six months ended June 30, 2026, the Company issued 274 shares of common stock and received \$887 of proceeds from the exercise of 274 stock options. There were no stock option exercises during the three and six months ended June 30, 2025.

During the six months ended June 30, 2026, 10,000 shares of restricted common stock issued to a service provider in December 2025 vested, resulting in \$38,800 of expense. The Company also issued 50,000 shares of fully vested restricted stock to a service provider in April 2026, resulting in \$127,000 of expense.

Warrants

During the three and six months ended June 30, 2025, warrants to purchase 70,000 shares expired unexercised, and there were no outstanding warrants as of December 31, 2025.

As discussed above, on May 14, 2026, we issued warrants to purchase an aggregate of up to 2,924,467 shares of common stock. A summary of warrants issued during the three and six months ended June 30, 2026 and outstanding as of June 30, 2026 is presented below:

	Warrants Issued and Outstanding	Weighted Average Exercise Price	Exercisable Date	Expiration Date
Pre-Funded Warrants	681,748	\$ 0.0001	05/14/2026	None B
Placement Agent Warrants	106,796	\$ 2.5750	11/14/2026	5/12/2031 A
Private Placement Warrants	2,135,923	\$ 2.2700	11/14/2026	11/13/2031 A
	<u>2,924,467</u>	<u>\$ 1.7520</u>		

A These warrants are subject to fair value accounting due to settlement features that may be triggered by a fundamental transaction. See Note 8 for fair value inputs.

B These warrants are classified within equity.

Options

A summary of stock option activity under the Plan, during the six months ended June 30, 2026 is presented below:

	Options Outstanding	
	Number of Shares	Weighted- Average Exercise Price Per Share
Outstanding December 31, 2025	1,296,126	\$ 5.58
Granted	228,070	3.49
Exercised	(274)	3.24
Cancelled or expired	(44,524)	8.98
Outstanding June 30, 2026	1,479,398	\$ 5.16

The weighted average remaining contractual term of options outstanding and exercisable at June 30, 2026 is 5.63 years and 4.87 years, respectively. Options were exercisable for 1,225,163 shares of common stock at June 30, 2026 at a weighted average exercise price of \$5.50. The intrinsic value of options outstanding and exercisable was approximately \$1,689,000 and \$1,519,000, respectively, at June 30, 2026.

Stock-based compensation relating to stock options was as follows for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
General and administrative	\$ 203,854	\$ 65,791	\$ 369,330	\$ 139,544
Research and development	81,406	94,835	178,845	168,832
Total stock-based compensation	\$ 285,260	\$ 160,626	\$ 548,175	\$ 308,376

Note 7. Fair Value Measurements

We determine the fair values of our financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assumes that the transaction to sell the asset or transfer the liability occurs in the principal or most advantageous market for the asset or liability and establishes that the fair value of an asset or liability shall be determined based on the assumptions that market participants would use in pricing the asset or liability. The classification of a financial asset or liability within the hierarchy is based upon the lowest level input that is significant to the fair value measurement. The fair value hierarchy prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 - Inputs are unobservable inputs based on our assumptions.

Financial Assets

When available, our marketable securities are valued using quoted prices for identical instruments in active markets. If we are unable to value our marketable securities using quoted prices for identical instruments in active markets, we value our investments using broker reports that utilize quoted market prices for comparable instruments. As of June 30, 2026, our U.S. treasury bills were valued through use of quoted prices for comparable instruments in active markets and are classified as Level 2, and our money markets, common stock and mutual funds were valued using quoted prices in active markets for identical assets and are classified as Level 1.

Based on our valuation of our marketable securities, we concluded that they are classified in either Level 1 or Level 2, and we have no financial assets measured using Level 3 inputs. The following table presents information about our assets that are measured at fair value on a recurring basis using the above input categories.

Description	Fair Value Measurements as of June 30, 2026			
	Total	Level 1	Level 2	Level 3
United States treasury bills	\$ 2,216,725	\$ -	\$ 2,216,725	\$ -
Money markets	426,706	426,706	-	-
Mutual funds – fixed income	436,322	436,322	-	-
Mutual funds – alternative investments	243,513	243,513	-	-
Common stock	21,250	21,250	-	-
	<u>\$ 3,344,516</u>	<u>\$ 1,127,791</u>	<u>\$ 2,216,725</u>	<u>\$ -</u>
Included in cash and cash equivalents	\$ 2,643,431			
Included in marketable securities	<u>\$ 701,085</u>			

Financial Liabilities

During the three and six months ended June 30, 2026, we issued 106,796 warrants to our placement agent and 2,135,923 private placement warrants to investors in the Offering. These warrants were valued using Level 3 inputs, as described in Note 8. Realized and unrealized gains and losses related to the change in fair value of the warrant liability are included in other income (expense) on the condensed consolidated statements of operations.

Description	Fair Value Measurements as of June 30, 2026			
	Total	Level 1	Level 2	Level 3
Warrant liability	<u>\$ 7,497,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,497,089</u>

The following table summarizes Level 3 activity for the three and six months ended June 30, 2026:

Description	Placement Agent Warrants	Private Placement Warrants	Total
Balance, December 31, 2025	\$ -	\$ -	\$ -
Fair value of warrants at issuance	243,495	5,126,215	5,369,710
Change in fair value of warrants	98,252	2,029,127	2,127,379
Balance, June 30, 2026	<u>\$ 341,747</u>	<u>\$ 7,155,342</u>	<u>\$ 7,497,089</u>

There were no transfers into or out of Level 3 during the periods presented nor were there any realized gains or losses related to the financial liabilities classified as Level 3.

Note 8. Fair Value of Warrants

The Placement Agent Warrants and Private Placement Warrants were valued using Black Scholes models and Monte Carlo simulations to estimate the fair value of the warrants based on the possible settlement outcomes. For purposes of the Black Scholes models and Monte Carlo simulations, the Company estimated the likelihood of a fundamental transaction to be 15% as of May 14, 2026 (Date of Issuance) and June 30, 2026. A Black Scholes model and a Monte Carlo simulation were used in determining the fair value of the Placement Agent Warrants and Private Placement Warrants in the event of a fundamental transaction. The impact of this scenario was immaterial to the overall determination of fair value of the Placement Agent Warrants and Private Placement Warrants. Changes in the estimated likelihood and timing of a fundamental transaction in future periods could have a material impact on the future valuation of these warrants. The following tables summarize the assumptions used in computing the fair value of warrants subject to fair value accounting as of the date of issuance and as of June 30, 2026.

Placement Agent Warrants	Issued During the Three and Six Months Ended June 30, 2026		As of June 30, 2026	
Exercise price	\$	2.58	\$	2.58
Expected life (years)		5.00		4.87
Expected volatility		86.60%		87.10%
Risk-free interest rate		4.09%		4.15%
Expected dividend yield		-%		-%
Share price	\$	3.13	\$	4.17

Private Placement Warrants	Issued During the Three and Six Months Ended June 30, 2026	As of June 30, 2026
Exercise price	\$ 2.27	\$ 2.27
Expected life (years)	5.50	5.37
Expected volatility	85.30%	85.80%
Risk-free interest rate	4.15%	4.18%
Expected dividend yield	-%	-%
Share price	\$ 3.13	\$ 4.17

Note 9. Loss Per Share

Basic loss per share is derived by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during each period. Diluted loss per share includes the effect, if any, from the potential exercise or conversion of securities, such as warrants and stock options, which would result in the issuance of incremental shares of common stock unless such effect is anti-dilutive. In calculating the basic and diluted net loss per share applicable to common stockholders, the weighted average number of shares remained the same for both calculations due to the fact that when a net loss exists, dilutive shares are not included in the calculation. Potentially dilutive securities outstanding that have been excluded from diluted loss per share due to being anti-dilutive include the following:

	Outstanding at June 30,	
	2026	2025
Private Placement Warrants and Placement Agent Warrants	2,242,719	-
Stock options	1,479,398	1,239,766
	<u>3,722,117</u>	<u>1,239,766</u>

The Pre-Funded Warrants issued in the Offering were included in outstanding shares for purposes of computing basic and diluted loss per share for the three and six months ended June 30, 2026.

Note 10. Segment Reporting

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a condensed consolidated basis. The CODM uses expected research and development study and material costs; cash, cash equivalents and marketable securities balances; operating losses; and budget projections to assess financial performance and allocate resources.

Cash, cash equivalents and marketable securities were as follows at June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Cash	\$ 1,384,101	\$ 2,883,305
Cash equivalents	5,276,069	1,539,533
Marketable securities	701,085	5,696,386

Research and development study and material costs were as follows during the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Research and development studies	\$ 883,252	\$ 1,884,150	\$ 1,653,211	\$ 3,947,886
Research and development materials	44,714	62,046	79,158	124,561
Research and development costs	<u>\$ 927,966</u>	<u>\$ 1,946,196</u>	<u>\$ 1,732,369</u>	<u>\$ 4,072,447</u>

These financial metrics are used by the CODM to make key operating decisions, such as which research and development studies to commence, extend or discontinue. See the condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025, as well as the condensed consolidated statements of operations for the three and six months ended June 30, 2026 and 2025.

Note 11. Subsequent Event

In July 2026, the Company formed Open Medicine AI Inc. (“Open Medicine AI”) as a wholly-owned subsidiary to commercialize and expand the multi-agent AI co-scientist platform originally launched as withZeta.ai. In connection with the formation of Open Medicine AI, the Company entered into asset contribution and license agreements granting Open Medicine AI access to Lantern’s withZeta.ai-related models, data, algorithms, and other assets. The Open-Medicine AI multi-agentic co-scientist platform represents the strategic evolution of withZeta.ai, including the planned expansion into additional disease areas and modalities.

In exchange for the contribution of the withZeta.ai assets to Open Medicine AI, Lantern received 5,000,000 shares of Open Medicine AI common stock. Lantern also entered into a License Agreement with Open Medicine AI providing access to the withZeta.ai-related models, data, and algorithms. The formation of Open Medicine AI and the contribution of the withZeta.ai assets to Open Medicine AI are consistent with the framework outlined as part of the Company’s May 2026 Offering.

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

You should read the following discussion and analysis of our financial condition and plan of operations together with our condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from the plans, intentions, expectations and other forward-looking statements included in the discussion below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those factors discussed in the Risk Factors section of our 2025 Form 10-K on file with the SEC.

Overview

We are an artificial intelligence (A.I.) focused company dedicated to developing cancer therapies and transforming the cost, pace, and timeline of oncology drug discovery and development. Our development portfolio includes three clinical stage oncology focused product candidates and consists of small molecules that others have tried, but failed, to develop into an approved commercialized drug, as well as new compounds that we are developing with the assistance of our proprietary A.I. platform and our biomarker driven approach. Our A.I. platform, known as RADR[®], currently includes more than 200 billion data points, and uses big data analytics (combining molecular data, drug efficacy data, data from historical studies, data from scientific literature, phenotypic data from trials and publications, and mechanistic pathway data) and machine learning to rapidly uncover biologically relevant genomic signatures correlated to drug response, and then identify the cancer patients that we believe may benefit most from our compounds. This data-driven, genomically-targeted and biomarker-driven approach allows us to pursue a transformational drug development strategy that identifies, rescues or develops, and advances potential small molecule drug candidates at what we believe is a fraction of the time and cost associated with traditional cancer drug development.

We have active clinical programs for our three lead small molecule drug candidates: LP-300, LP-184, and LP-284. These programs are focused on multiple important cancer indications, including both solid tumors and blood cancers. We have established a wholly-owned subsidiary, Starlight Therapeutics, to focus exclusively on the clinical development of our promising opportunities for central nervous system (“CNS”) and brain cancers, many of which have no effective treatment options. We are also advancing an antibody-drug conjugate (“ADC”) program focused on developing highly specific ADCs with highly potent drug-payloads.

In January 2026, we introduced withZeta.ai — a generative AI platform purpose-built to empower researchers and clinicians to accelerate rare cancer research and drug development, dramatically improve research quality, and reduce R&D costs.

Open-Medicine AI

In May 2026, we announced plans to create an independent business entity composed of the AI platform, withZeta.ai, and related technologies and personnel under the leadership of our CEO Mr. Panna Sharma. In July 2026, we formed Open Medicine AI as a wholly-owned subsidiary to commercialize and expand the multi-agent AI co-scientist platform originally launched as withZeta.ai. In connection with the formation of Open Medicine AI, we entered into asset contribution and license agreements granting Open Medicine AI access to Lantern’s withZeta.ai-related models, data, algorithms, and other assets. The Open-Medicine AI multi-agentic co-scientist platform represents the strategic evolution of withZeta.ai, including the planned expansion into additional disease areas and modalities.

Open Medicine AI inherits the full multi-agentic system originally launched as withZeta.ai, including:

- Coordinated specialist agents spanning medicinal chemistry, computational biology, clinical trial strategy, biomarkers & translational science, clinical oncology, and general research.
- Three research modes (Explorer, Investigator, Reporter) that support rapid exploration through deep multi-source investigation to structured reporting.
- Proprietary rare-cancer knowledge bases and ontologies covering hundreds of disease entities, biomarkers, clinical trials, and literature.
- Expanding computational layers, including ZetaOmics[™] for multi-omic analysis and continued development of parallel swarm intelligence capabilities.

While rare cancers and oncology remain core components, Open Medicine AI's roadmap includes systematic expansion into additional high-need disease areas – especially in collaboration with leading academic and commercial leaders – that experience the same challenges of fragmented knowledge, high failure costs, limited traditional investment and urgency of patient and disease management needs. We believe that the multi-agentic co-scientist capabilities of Open Medicine AI — specialized agents working in coordinated intelligence rather than a single model answering isolated questions — can dramatically compress research timelines and reduce the cost of generating hardened, actionable scientific insights.

Drug Development

Our strategy is to both develop new drug candidates using our RADR[®] platform, and other machine learning driven methodologies, and to pursue the development of drug candidates that have undergone previous clinical trial testing or that may have been halted in development or deprioritized because of insufficient clinical trial efficacy (i.e., a meaningful treatment benefit relevant for the disease or condition under study as measured against the comparator treatment used in the relevant clinical testing) or for strategic reasons by the owner or development team responsible for the compound. Importantly, these historical drug candidates appear to have been well-tolerated in many instances, and often have considerable data from previous toxicity, tolerability and ADME (absorption, distribution, metabolism, and excretion) studies that have been completed. Additionally, these drug candidates may also have a body of existing data supporting the potential mechanism(s) by which they achieve their intended biologic effect, but often require more targeted trials in a stratified group of patients to demonstrate statistically meaningful results. Our dual approach to both develop de-novo, biomarker-guided drug candidates and “rescue” historical drug-candidates by leveraging A.I., recent advances in genomics, computational biology and cloud computing is emblematic of a new era in drug development that is being driven by data-intensive approaches meant to de-risk development and accelerate the clinical trial process. In this context, we intend to create a diverse portfolio of oncology drug candidates for further development towards regulatory and marketing approval with the objective of establishing a leading A.I.-driven methodology for treating the right patient with the right oncology therapy.

A key component of our strategy is to target specific cancer patient populations and treatment indications identified by leveraging our RADR[®] platform, a proprietary A.I. enabled engine created and owned by us. We believe the combination of our therapeutic area expertise, our A.I. expertise, and our ability to identify and develop promising drug candidates through our collaborative relationships with research institutions in selected areas of oncology gives us a significant competitive advantage. Our RADR[®] platform has been developed and refined over the last several years and integrates billions of data points immediately relevant for oncology drug development and patient response prediction using artificial intelligence and proprietary machine learning algorithms. By identifying clinical candidates, together with relevant genomic and phenotypic data, we believe our approach will help us design more efficient pre-clinical studies, and more targeted clinical trials, thereby accelerating our drug candidates' time to approval and eventually to market. Although we have not yet applied for or received regulatory or marketing approval for any of our drug candidates, we believe our RADR[®] platform has the ability to reduce the cost and time to bring drug candidates to specifically targeted patient groups. We believe we have developed a sustainable and scalable biopharma business model by combining a unique, oncology-focused big-data platform that leverages artificial intelligence along with active clinical and preclinical programs that are being advanced in targeted cancer therapeutic areas to address today's treatment needs.

Our current portfolio consists of three lead drug candidates that are in clinical phases (known as LP-300, LP-184 and LP-284) and an Antibody Drug Conjugate (ADC) program that is in preclinical research optimization. In January 2023, we formed a wholly owned subsidiary, Starlight Therapeutics Inc. (“Starlight”), to develop drug candidate LP-184's central nervous system (CNS) and brain cancer indications – including glioblastoma (GBM), brain metastases (brain mets.), and several rare pediatric CNS cancers. Following the formation of Starlight, we may also refer to the molecule LP-184, as it is developed in CNS indications, as “STAR-001”. All of these drug candidates and our ADC program are leveraging precision oncology, A.I. and genomic driven approaches to accelerate and direct development efforts.

We are conducting a targeted phase 2 trial (the Harmonic™ trial) for LP-300 in never smoking patients with NSCLC in combination with chemotherapy, under an existing investigational new drug application. Based on the successful outcome in May 2026 from a Type C meeting request with the FDA focused on the LP-300 Harmonic™ clinical trial, we are focusing future Harmonic™ enrollment on patients with the EGFR exon 21 L858R mutation, a subtype of tyrosine kinase mutations that demonstrates lower sensitivity and inferior treatment outcome to osimertinib based therapy. Preliminary analysis of Harmonic™ study data suggests that patients with this mutation may derive greater clinical benefit from the LP-300 triplet regimen. Our candidate LP-184 has shown promising in-vitro and in vivo anticancer activity in multiple solid tumor indications (including triple negative breast, lung, bladder, glioblastoma and pancreatic cancer), and enrollment has been completed in a Phase 1a clinical trial for LP-184. Based on the results and insights from the LP-184 Phase 1a clinical trial, we are advancing and optimizing development plans for multiple future LP-184 clinical studies. Our candidate LP-284 has shown promising in-vitro and in vivo anticancer activity in multiple hematological cancers, which are distinct from the indications targeted by LP-184. LP-284 is currently in a Phase 1A clinical trial.

Our ADC program has also continued to advance. During 2024 and 2025, we continued to apply our RADR® A.I. platform to advance and refine an A.I. powered module focused on improving the precision, cost and timelines of ADC development for cancer. In 2023, we entered into a research collaboration with Bielefeld University in Germany focused on development of ADCs utilizing cryptophycin as the ADC drug-payload. Cryptophycins are promising antitumor molecules that have demonstrated potency at ultra-low, picomolar, concentrations. In a broad range of preclinical studies, the cryptophycin-ADC synthesized as part of the Bielefeld collaboration demonstrated promising picomolar level potency and anti-tumor activity in multiple solid tumor cell lines, including breast, bladder, colorectal, gastric, pancreatic and ovarian.

In addition to our lead drug candidates and ADC program, we also have an additional drug candidate, LP-100, that we believe has potential for future development in combination with the class of anticancer agents known as PARP inhibitors (PARPi). For LP-100, as well as our lead drug candidate LP-300, we have leveraged data from prior preclinical studies and clinical trials, along with insights generated from our A.I. platform, to target the types of tumors and patient groups we believe will be most responsive to the drug. Both LP-100 and LP-300 showed promise in important patient subgroups, but failed pivotal Phase 3 trials when the overall results did not meet the predefined clinical endpoints. We believe that this was due to a lack of biomarker-driven patient stratification.

LP-300 has been studied in multiple randomized, controlled, multi-center non-small cell lung cancer, or NSCLC, trials that included administration of either paclitaxel and cisplatin and/or docetaxel and cisplatin. LP-100 has previously been in a genomic signature guided phase 2 clinical trial in Denmark for patients with metastatic castration resistant prostate cancer (mCRPC). 9 patients (out of a targeted enrollment of 27) were treated in the trial. The median overall survival (OS) for the initial group of 9 patients was approximately 12.5 months, which is an improvement over other similar fourth-line treatment regimens for mCRPC. Based on our evaluation of the synergies of LP-100 with PARP inhibitors, the decision was made in the first quarter of 2023 to close the phase 2 clinical trial in Denmark, to allow the focus of LP-100-directed resources on positioning the molecule for development in earlier lines of therapy with potentially larger market opportunities. LP-100 was previously out-licensed by us to Allarity Therapeutics A/S. In July 2021, we entered into an Asset Purchase Agreement to reacquire global development and commercialization rights for LP-100 from Allarity.

Our development strategy is to pursue an increasing number of oncology focused, molecularly targeted therapies where artificial intelligence and genomic data can help us provide biological insights, reduce the risk associated with development efforts and help clarify potential patient response. We plan on strategically evaluating these on a program-by-program basis as they advance into clinical development, either to be done entirely by us, or with licensing partners, to maximize the commercial opportunity and reduce the time it takes to bring the right drug to the right patient.

We have incurred net losses to date and our operations have been financed primarily by sales of our equity securities. Our net losses were approximately \$10,401,000 and \$8,868,000 for the six months ended June 30, 2026 and 2025, respectively.

Our net losses have primarily resulted from costs incurred in licensing and developing the drug candidates in our pipeline, planning, preparing and conducting preclinical studies and clinical testing, and general and administrative activities associated with our operations. We expect to continue to incur significant expenses and corresponding operating losses for the foreseeable future as we continue to advance our pipeline. Our costs may further increase as we conduct additional preclinical studies and clinical trials and potentially seek regulatory clearance for and prepare to commercialize our drug candidates. We expect to incur significant expenses to continue to build the infrastructure necessary to support our operations, preclinical studies, clinical trials, and potential commercialization, including manufacturing, marketing, sales and distribution functions. We have experienced and will continue to experience substantial costs associated with operating as a public company.

Components of Our Results of Operations

Revenues

We did not recognize revenues for the six-month periods ended June 30, 2026 and 2025.

Research and Development

Research and development expenses consist primarily of costs incurred for the research and development of our preclinical and clinical candidates, which include:

- expenses incurred towards research and development employees, consultants, outside contractors, laboratories, clinical sites, and investigators that conduct our preclinical or clinical research activities; and
- the cost of acquiring and developing preclinical and clinical study materials and lab supplies, including manufacturing costs related to our drug candidates.

We expense research and development costs to operations as incurred.

Our research and development expenses by project category for the six months ended June 30, 2026 and 2025 are as follows:

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
LP-300	\$ 1,457,763	\$ 2,172,656
LP-184	1,088,557	2,633,833
LP-284	415,508	732,428
RADR [®] and withZeta.ai Platforms*	416,751	517,143
Other **	137,152	276,274
Total research and development expenses	<u>\$ 3,515,731</u>	<u>\$ 6,332,334</u>

* withZeta.ai expenses relate to 2026

** LP-100 and ADC Program expenses are included in “Other.”

We expect that our research and development expenses will fluctuate from quarter to quarter and year to year. We expect that our research and development expenses will increase substantially over time based on the progress of our clinical trials for LP-300, LP-184 and LP-284, and other programs and drug candidates. We expect to make substantial expenditures associated with research and service provider agreements for the advancement of our drug candidates and research and development efforts.

Because of the numerous risks and uncertainties associated with product development, we cannot determine with certainty the duration and completion costs of these or other current or future clinical trials of LP-300, LP-184, LP-284 or our other drug candidates. We may never succeed in achieving regulatory approval for LP-300, LP-184, LP-284 or any of our other drug candidates. The duration, costs and timing of clinical trials and development of our drug candidates will depend on a variety of factors, including the uncertainties of future clinical and preclinical studies, uncertainties in clinical trial enrollment rates, significant and changing government regulation, and geopolitical risk, including in Taiwan where we are pursuing clinical testing of LP-300. In addition, the probability of success for each drug candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability.

General and Administrative

General and administrative expenses consist primarily of salaries and related costs for employees in executive, finance and administration, corporate development and administrative support functions, including stock-based compensation expenses and benefits. Other significant general and administrative expenses include accounting and legal services, insurance, the cost of various consultants, investor relations, occupancy costs, and information systems costs.

We expect fluctuating and increased administrative costs resulting from our existing and anticipated clinical trials and the potential commercialization of our drug candidates. We believe that these increases will likely include future increased costs for hiring additional administrative personnel to support future market research and future product commercialization efforts and increased fees for outside consultants, attorneys and accountants.

Summary Results of Operations for the Three and Six Months Ended June 30, 2026 and 2025 (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating expenses:				
General and administrative	\$ 1,717,231	\$ 1,583,521	\$ 3,397,606	\$ 3,093,598
Research and development	1,790,859	3,068,379	3,515,731	6,332,334
Total operating expenses	3,508,090	4,651,900	6,913,337	9,425,932
Loss from operations	(3,508,090)	(4,651,900)	(6,913,337)	(9,425,932)
Interest income	30,079	114,745	72,239	264,535
Other income, net	14,926	206,140	48,842	293,599
Loss on issuance of warrants	(726,427)	-	(726,427)	-
Warrant issuance costs	(755,233)	-	(755,233)	-
Increase in fair value of warrant liability	(2,127,379)	-	(2,127,379)	-
NET LOSS	<u>\$ (7,072,124)</u>	<u>\$ (4,331,015)</u>	<u>\$ (10,401,295)</u>	<u>\$ (8,867,798)</u>

Comparison of the Three Months Ended June 30, 2026 and 2025

General and Administrative Expenses

General and administrative expenses increased approximately \$134,000, or 8%, from approximately \$1,584,000 for the three months ended June 30, 2025 to approximately \$1,717,000 for the three months ended June 30, 2026. The increase was primarily attributable to increases in business development and investor relations expenditures of approximately \$361,000 and increases in salaries and benefit expenses of approximately \$136,000. These increases were partially offset by decreases in other professional fees of approximately \$353,000.

Research and Development Expenses

Research and development expenses decreased approximately \$1,278,000, or 42%, from approximately \$3,068,000 for the three months ended June 30, 2025 to approximately \$1,791,000 for the three months ended June 30, 2026. The decrease was attributable to reductions in research studies and materials costs of approximately \$1,018,000 relating to the conduct and support of our clinical trials, and decreases in salaries and benefit expenses of approximately \$284,000. These decreases were partially offset by increases in consulting expenses and licensing fees of approximately \$12,000 and \$13,000, respectively.

Interest and Other Income, Net

Interest income decreased approximately \$85,000, or 74%, from approximately \$115,000 for the three months ended June 30, 2025 to approximately \$30,000 for the three months ended June 30, 2026. This decrease was primarily due to reductions in the amount of marketable securities held by us during the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. Other income, net decreased approximately \$191,000, or 93%, from approximately \$206,000 for the three months ended June 30, 2025 to approximately \$15,000 for the three months ended June 30, 2026. This decrease was primarily attributable to reductions in dividend income and other investment income of \$33,000 and \$46,000, respectively, and a decrease in foreign currency gains of approximately \$109,000 during the three months ended June 30, 2026.

Loss on Issuance of Warrants

During the three months ended June 30, 2026, we issued Private Placement Warrants with an initial fair value of approximately \$5,126,000, which exceeded gross proceeds from our Offering (as discussed below), resulting in a non-cash loss on issuance of warrants of approximately \$726,000.

Warrant Issuance Costs

During the three months ended June 30, 2026, we incurred approximately \$755,000 of warrant issuance costs, which includes the estimated grant date fair value of approximately \$243,000 relating to the Placement Agent Warrants issued to our placement agent as part of our Offering.

Increase in Fair Value of Warrant Liability

During the three months ended June 30, 2026, the estimated fair value of the Private Placement Warrants and Placement Agent Warrants issued in our Offering increased by approximately \$2,127,000 due primarily to an increase in the Company's stock price between the date of issuance and June 30, 2026.

Comparison of the Six Months Ended June 30, 2026 and 2025

General and Administrative Expenses

General and administrative expenses increased approximately \$304,000, or 10%, from approximately \$3,094,000 for the six months ended June 30, 2025 to approximately \$3,398,000 for the six months ended June 30, 2026. The increase was primarily attributable to increases in business development and investor relations expenditures of approximately \$398,000, increases in salaries and benefit expenses of approximately \$208,000, and increases in patent costs of approximately \$121,000. These increases were partially offset by decreases in other professional fees of approximately \$354,000, declines in travel expenditures of approximately \$41,000 and a reduction in rent expense of approximately \$32,000.

Research and Development Expenses

Research and development expenses decreased approximately \$2,817,000, or 44%, from approximately \$6,332,000 for the six months ended June 30, 2025 to approximately \$3,516,000 for the six months ended June 30, 2026. The decrease was attributable to reductions in research studies and materials costs of approximately \$2,340,000 relating to the conduct and support of our clinical trials and decreases in salaries and benefit expenses of approximately \$530,000. These decreases were partially offset by increases in consulting expenses and licensing fees of approximately \$28,000 and \$26,000, respectively.

Interest and Other Income, Net

Interest income decreased approximately \$192,000, or 73%, from approximately \$265,000 for the six months ended June 30, 2025 to approximately \$72,000 for the six months ended June 30, 2026. This decrease was primarily due to reductions in the amount of marketable securities held by us during the six months ended June 30, 2026 as compared to the six months ended June 30, 2025. Other income, net decreased approximately \$245,000, or 83%, from approximately \$294,000 for the six months ended June 30, 2025 to approximately \$49,000 for the six months ended June 30, 2026. This decrease was primarily attributable to reductions in dividend income and other investment income of \$56,000 and \$136,000, respectively, and a decrease in foreign currency gains of approximately \$49,000 during the six months ended June 30, 2026.

Loss on Issuance of Warrants

During the six months ended June 30, 2026, we issued Private Placement Warrants with an initial fair value of approximately \$5,126,000, which exceeded gross proceeds from our Offering (as discussed below), resulting in a non-cash loss on issuance of warrants of approximately \$726,000.

Warrant Issuance Costs

During the six months ended June 30, 2026, we incurred approximately \$755,000 of warrant issuance costs, which includes the estimated grant date fair value of approximately \$243,000 relating to the Placement Agent Warrants issued to our placement agent as part of our Offering.

Increase in Fair Value of Warrant Liability

During the six months ended June 30, 2026, the estimated fair value of the Private Placement Warrants and Placement Agent Warrants issued in our Offering increased by approximately \$2,127,000 due primarily to an increase in the Company's stock price between the date of issuance and June 30, 2026.

Cash Flows

The following table summarizes our cash flow for the periods indicated:

	For the Six Months Ended June 30,	
	2026	2025
	(Unaudited)	
Net cash flows used in operating activities	\$ (6,713,540)	\$ (8,312,887)
Net cash flows provided by investing activities	4,942,250	6,832,489
Net cash flows provided by financing activities	3,991,701	-
Effect of foreign exchange rates on cash	16,921	30,727
Net increase (decrease) in cash and cash equivalents	\$ 2,237,332	\$ (1,449,671)

Operating Activities

For the six months ended June 30, 2026, net cash used in operating activities was approximately \$6,714,000 compared to approximately \$8,313,000 for the six months ended June 30, 2025. The primary cause of the reduction in cash used is approximately \$2,854,000 of non-cash adjustments related to the issuance and change in fair value of warrants during the six months ended June 30, 2026. The reduction in cash used was offset, in part, by decreases in accounts payable and accrued expenses during the six months ended June 30, 2026 as compared to increases during the six months ended June 30, 2025.

Investing Activities

For the six months ended June 30, 2026, net cash provided by investing activities was approximately \$4,942,000 compared to approximately \$6,832,000 of net cash provided by investing activities for the six months ended June 30, 2025. The decrease in cash provided by investing activities is due to a decrease in net redemptions of investments in marketable securities during the six months ended June 30, 2026, as compared to the six months ended June 30, 2025.

Financing Activities

Net cash provided by financing activities was approximately \$3,992,000 during the six months ended June 30, 2026, attributable primarily to net proceeds received in the Offering.

Operating Capital and Capital Expenditure Requirements

As of June 30, 2026, we had total assets of approximately \$8,602,000 and working capital of approximately \$4,136,000. As of June 30, 2026, our liquidity included approximately \$7,361,000 of cash, cash equivalents and marketable securities. In July 2025, we entered into the ATM with ThinkEquity, as sales agent, pursuant to which we may offer and sell shares of our common stock from time to time, in “at-the-market” offerings to or through our sales agent. No sales were made under the ATM during the six months ended June 30, 2026.

On May 12, 2026, we entered into a securities purchase agreement with institutional investors, pursuant to which we agreed to issue and sell to such investors in a registered direct offering (i) 1,454,175 shares of common stock of the Company, at an offering price of \$2.06 per share, and (ii) pre-funded warrants to purchase up to 681,748 shares of common stock (the “Pre-Funded Warrants”) in lieu of the common shares, at an offering price of \$2.0599 (such registered direct offering, the “Offering”). The Offering closed on May 14, 2026, and we received gross proceeds of approximately \$4,400,000 from the Offering, before deducting Offering expenses payable by us of approximately \$512,000. In addition, in a concurrent private placement, we agreed to issue to such investors warrants to purchase up to 2,135,923 shares of common stock, at an exercise price of \$2.27 per share.

In addition to our existing capital resources, we intend to pursue periodic capital raises, including additional potential sales under the ATM, and also pursue collaborations, grant funding and other opportunities to extend our operating runway. However, our cash, cash equivalents, and marketable securities on hand as of the date of this report will not allow us to fund our operating expenses and capital expenditure requirements under our current level of operations for 12 months from the date of this report. For this reason, there is substantial doubt about our ability to continue as a going concern in the absence of obtaining substantial additional funding.

Our ability to continue as a going concern is highly contingent on the ability to raise additional capital for ongoing research and development and clinical trials as we expect to continue incurring losses for the foreseeable future. If we are not able to raise sufficient additional capital when needed, we may be required to delay, reduce or eliminate drug development programs and other activities to support extension of our operating runway. The financial statements in this report have been prepared assuming that we will continue as a going concern, and do not include any adjustments that may be necessary should we be unable to continue as a going concern. We have incurred, and anticipate that we will continue to incur, losses and generate negative operating cash flows and as such will require substantial additional funding in the near future to continue our research and development activities. These factors raise substantial doubt about our ability to continue as a going concern in the absence of obtaining substantial additional funding. While we plan to pursue periodic capital raises, including additional potential sales under the ATM, as well as potential collaborations, grant funding and other opportunities to extend our operating runway, no assurance can be given that sufficient funding will be available when needed to allow us to continue as a going concern.

We expect to incur significant, fluctuating and often increasing operating losses at least for the next several years as we continue our clinical development of LP-300, LP-184 and LP-284, pursue development of our other drug candidates and programs, and seek potential future marketing approval for our drug candidates, which could be several years in the future, if at all. We do not expect to generate revenue, other than anticipated revenue from Open Medicine AI and possible license and grant revenue, unless and until we successfully complete development and obtain regulatory approval for our therapeutic candidates. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our existing and planned clinical trials and our expenditures on other research and development activities.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. We anticipate that our expenses will fluctuate and may increase substantially as we:

- continue the development, including preclinical studies and clinical trials, of our drug candidates;
- initiate preclinical studies and clinical trials for any additional indications for our current drug candidates and any future drug candidates that we may pursue;
- continue to build our portfolio of drug candidates through the acquisition or in-license of additional drug candidates or technologies;
- continue to develop, maintain, expand and protect our intellectual property portfolio;
- pursue regulatory approvals for those of our current and future drug candidates that successfully complete clinical trials;
- ultimately establish a sales, marketing, distribution and other commercial infrastructure to commercialize any drug candidate for which we may obtain marketing approval;
- hire additional clinical, regulatory, scientific and accounting personnel;
- incur additional legal, accounting and other expenses in operating as a public company; and
- continue to develop, maintain, and expand our RADR[®] platform and AI and machine learning technologies.

We expect that we will need to obtain substantial additional funding in order to complete our clinical trials. To the extent that we raise additional capital through the sale of common stock, convertible securities or other equity securities, the ownership interests of our existing stockholders may be materially diluted and the terms of these securities could include liquidation or other preferences that could adversely affect the rights of our existing stockholders. In addition, debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends, that could adversely impact our ability to conduct our business. If we are unable to raise capital when needed or on attractive terms, we could be forced to significantly delay, scale back or discontinue the development or commercialization of LP-300, LP-184, LP-284, and/or other drug candidates and programs, seek collaborators at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available, and relinquish or license, potentially on unfavorable terms, our rights to LP-300, LP-184, LP-284, and/or other drug candidates and programs that we otherwise would seek to develop or commercialize ourselves.

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with generally accepted accounting standards in the United States of America. Our significant accounting policies are described in Note 3 to our consolidated financial statements included as part of this report. Critical accounting policies and significant accounting estimates made in accordance with such policies are regularly discussed with the Audit Committee of the Company's board of directors. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial statements:

- Research and development;
- Stock-based compensation; and
- Warrant liability.

Quantitative and Qualitative Disclosure About Market Risk

Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Accordingly, our future investment income may fluctuate as a result of changes in interest rates, or we may suffer losses in principal if we are forced to sell securities that decline in market value as a result of changes in interest rates.

Historically, we have raised capital through the issuance of equity securities. We had no long-term debt outstanding as of June 30, 2026 and December 31, 2025.

We do not believe that our cash and cash equivalents have significant risk of default or illiquidity. Our cash and cash equivalents consist primarily of cash, U.S. treasury bills and money market funds. Our exposure to market risk relating to cash and cash equivalents due to changes in interest rates is limited because our cash and cash equivalents have a short-term maturity and are used primarily for working capital purposes. While we believe our cash, cash equivalents and marketable securities do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions from time to time may be in excess of federally insured limits. Interest bearing and non-interest bearing accounts we hold at banking institutions are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. From time to time, some of our cash balances held at banking institutions may be in excess of FDIC coverage. We consider this to be a normal business risk.

We formed a wholly owned subsidiary, Lantern Pharma Australia Pty Ltd, in Australia in September 2021 and experienced foreign currency gains of approximately \$81,000 and \$130,000 for the six months ended June 30, 2026 and 2025, respectively, in connection with this subsidiary. We will remain subject to the risk of foreign currency losses in future periods, although we do not expect the impact of any foreign currency losses to be material. We do not participate in any foreign currency hedging activities, and we do not have any other derivative financial instruments.

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation has had a material effect on our results of operations during the periods presented. Inflation could have a greater impact on our future results of operations if it remains at current levels or increases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a Smaller Reporting Company we are exempt from the requirements of Item 3.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on such evaluation of our disclosure controls and procedures as of June 30, 2026, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures, as defined above, are effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting.

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls.

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II – OTHER INFORMATION

Item 1A. Risk Factors.

As a Smaller Reporting Company we are exempted from the requirements of Item 1A.

Item 6. Exhibits.

Exhibit No.	Exhibit Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation	Incorporated by reference from the Registrant's Current Report on Form 8-K filed June 17, 2020
3.2	By-Laws	Incorporated by reference from the Registrant's Registration Statement on Form S-1 filed April 16, 2020
3.3	Amendment No. 1 to By-Laws	Incorporated by reference from the Registrant's Current Report on Form 8-K filed May 24, 2024
3.4	Amendment No. 2 to By-Laws	Incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed July 29, 2025
4.1	Form of Pre-Funded Common Stock Purchase Warrant	Incorporated by reference from the Registrant's Current Report on Form 8-K filed May 14, 2026
4.2	Form of Purchase Warrant	Incorporated by reference from the Registrant's Current Report on Form 8-K filed May 14, 2026
4.3	Form of Placement Agent Warrant	Incorporated by reference from the Registrant's Current Report on Form 8-K filed May 14, 2026
10.1	Securities Purchase Agreement	Incorporated by reference from the Registrant's Current Report on Form 8-K filed May 14, 2026
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed electronically herewith
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished electronically herewith
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished electronically herewith
101.INS	Inline XBRL Instance Document.	Filed electronically herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed electronically herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed electronically herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed electronically herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed electronically herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed electronically herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	Filed electronically 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.

Lantern Pharma Inc.,
A Delaware Corporation

Dated: August 13, 2026

By: /s/ Panna Sharma
Panna Sharma, Chief Executive Officer

Dated: August 13, 2026

By: /s/ David R. Margrave
David R. Margrave, Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Panna Sharma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lantern Pharma 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.

Date: August 13, 2026

/s/ Panna Sharma

Chief Executive Officer (*Principal Executive Officer*)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David R. Margrave, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lantern Pharma 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.

Date: August 13, 2026

/s/ David R. Margrave

Chief Financial Officer (*Principal Financial Officer*)

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Lantern Pharma Inc. (the “Company”) hereby certifies, to his knowledge, that:

- (1) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2026

/s/ Panna Sharma

Chief Executive Officer (*Principal Executive Officer*)

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Lantern Pharma Inc. (the “Company”) hereby certifies, to his knowledge, that:

- (1) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2026

/s/ David R. Margrave

Chief Financial Officer (*Principal Financial Officer*)
