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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026

OR

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

Commission File Number: 001-33038

Alaunos Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**84-1475642**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

501 E. Las Olas Blvd., Suite 300
Fort Lauderdale, FL 33301
(346) 355-4099
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	TCRT	The Nasdaq Capital Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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, 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 May 15, 2026 the number of outstanding shares of the registrant's common stock, $0.001 par value, was 2,4422,146 shares.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are all statements contained in this Quarterly Report that are not historical fact, and in some cases can be identified by terms such as: “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “target,” "potential," “will” and other words and terms of similar meaning.

These statements are based on management’s current beliefs and assumptions and on information currently available to management. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. Forward-looking statements in this Quarterly Report include, but are not limited to, statements about:

- our ability to raise substantial additional capital to continue as a going concern and fund our planned operations;
- our ability to successfully advance our preclinical Obesity and Metabolic Disorders Program, including ALN1003, through additional studies, formulation optimization, and manufacturing scale-up for progressing toward IND-enabling activities;
- our ability to enter into partnerships, collaborations or licensing arrangements to support development of our Obesity and Metabolic Disorders Program;
- estimates regarding our expenses, use of cash, cash runway, timing of future cash needs and anticipated capital requirements;
- our ability to license additional intellectual property to support our Obesity and Metabolic Disorders Program or out-license our intellectual property;
- our legacy TCR-T assets and limited ongoing efforts to monetize remaining intellectual property and to comply with our existing license agreements;
- our expectation of developments and projections relating to competition from other pharmaceutical and biotechnology companies or our industry;
- our plans relating to conducting future *in vitro* testing, *in vivo* studies, and non-clinical and investigational new drug or IND-enabling activities;
- the anticipated amount, timing and accounting of contract liabilities, milestones and other payments under licensing, collaboration or acquisition agreements, research and development costs and other expenses;
- our ability to remain listed on the Nasdaq Capital Market, including compliance with the stockholders’ equity continued listing requirement (minimum $2.5 million), and the minimum bid price requirement ($1.00), and the potential consequences of any delisting; and
- our intellectual property position, including the strength and enforceability of our intellectual property rights.

Any forward-looking statements in this Quarterly Report on Form 10-Q reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievements to be materially different from any future results, level of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results, levels of activity or performance of achievements to differ materially from current expectations include, among other things, those described in our Annual Report on Form 10-Q under Part I, Item 1A, “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Unless the context requires otherwise, references in this Quarterly Report to “Alaunos,” the “Company,” “we,” “us” or “our” refer to Alaunos Therapeutics, Inc.

We own or have rights to trademarks, service marks and trade names that we use in connection with the operation of our business, including our corporate name, logos and website names. We own the Alaunos® and hunTR® trademarks as well as the graphic trademark found on our website. Other trademarks, service marks and trade names appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, some of the trademarks, service marks and trade names referred to in this Quarterly Report on Form 10-Q are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks and trade names.

SUMMARY OF SELECTED RISKS ASSOCIATED WITH OUR BUSINESS

Our business faces significant risks and uncertainties. If any of the following risks are realized, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. You should carefully review and consider the full discussion of our risk factors in the section titled "Risk Factors" in Part I, Item 1A of our Annual Report, filed with the SEC on March 31, 2026 and as amended by Amendment No. 1 filed with the SEC on April 30, 2026. Some of the more significant risks include the following:

- We require substantial additional financial resources to continue as a going concern and advance our Obesity and Metabolic Disorders Program; the failure to obtain it on acceptable terms would materially harm our business.
- Our strategic reprioritization to progress our Obesity and Metabolic Disorders Program may not be successful, may not yield the desired results and we may be unsuccessful in identifying and implementing any alternate strategic transaction.
- Our cash resources are limited. As of March 31, 2026, we had approximately $0.35 million of cash and cash equivalents. At our current rate of spending, we expect our cash to be sufficient to fund operations only into the second quarter of 2026.
- On April 9, 2026, we received a notice from Nasdaq that we are not in compliance with the minimum stockholders' equity requirement ($2.5 million) under Nasdaq Listing Rule 5550(b)(1). There can be no assurance that our compliance plan will be accepted or that we will regain compliance within any extension period granted by Nasdaq. Delisting could materially adversely affect our stock price, liquidity, and ability to raise capital.
- If we are unable to progress our Obesity and Metabolic Disorders Program, our Board of Directors may decide to pursue a dissolution and liquidation. In such an event, the amount of cash available for distribution to our stockholders will depend heavily on the timing of such liquidation as well as the amount of cash that will need to be reserved for commitments and contingent liabilities.
- Our stock price has been, and may continue to be, volatile.
- We have identified a material weakness and failed to maintain an effective internal control environment, which may result in material misstatements of our financial statements or have a material adverse effect on our business or stock price.
- Our small molecule Obesity and Metabolic Disorders Program is in an early preclinical stage and faces significant risks and requires substantial additional capital. We may never be able to commercialize any product candidate, generate significant revenues, or attain profitability.
- Our small molecule product candidate faces intense competition which may in the future include from generics or biosimilars and/or new technologies and our pending patent applications may not be granted, further limiting our ability to compete.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (unaudited)

Alaunos Therapeutics, Inc.

CONDENSED BALANCE SHEETS

(unaudited)

(in thousands, except share and per share data)

	March 31, 2026	December 31, 2025
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 354	$ 1,385
Receivables	—	3
Prepaid expenses and other current assets, current	616	600
Total current assets	970	1,988
Property and equipment, net	82	91
Prepaid expenses and other assets, non current	831	887
Total assets	$ 1,883	$ 2,966
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 400	$ 613
Accrued expenses	195	200
Total current liabilities	595	813
Total liabilities	$ 595	$ 813
Commitments and contingencies (Note 4)		
Stockholders' equity		
Series A-1 preferred stock $0.001 par value; 1,000 shares authorized, 500 and 0 shares issued and outstanding at March 31, 2026 and at December 31, 2025, respectively	-	-
Series A-2 preferred stock $0.001 par value; 1,000 shares authorized, 850 and 0 shares issued and outstanding at March 31, 2026 and at December 31, 2025, respectively	-	-
Common stock $0.001 par value; 50,000,000 shares authorized, 2,378,383 and 2,349,480 shares issued and outstanding at March 31, 2026 and at December 31, 2025, respectively	2	2
Additional paid-in capital	926,914	926,773
Accumulated deficit	(925,628)	(924,622)
Total stockholders' equity	1,288	2,153
Total liabilities and stockholders' equity	$ 1,883	$ 2,966

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

Alaunos Therapeutics, Inc.

CONDENSED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except share and per share data)

	For the Three Months Ended March 31,	
	2026	2025
Revenue	$ —	$ 2
Operating expenses:		
Research and development	427	347
General and administrative	585	747
Total operating expenses	1,012	1,094
Loss from operations	(1,012)	(1,092)
Other income, net	6	19
Net loss	$ (1,006)	$ (1,073)
Basic and diluted net loss per share	$ (0.59)	$ (0.67)
Weighted average common shares outstanding, basic and diluted	1,948,357	1,601,252

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

Alaunos Therapeutics, Inc.

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited)
(in thousands, except share and per share data)

For the Three Months Ended March 31, 2026

	Common Stock		Series A-1 Preferred Stock		Series A-2 Preferred Stock		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2026	2,349,480	$ 2	500	$ —	850	$ —	$ 926,773	$ (924,622)	$ 2,153
Stock-based compensation	—	—	—	—	—	—	56	—	56
Shares issued as consideration for board service fees	16,867	—	—	—	—	—	48	—	48
Shares issued as consideration for services	12,036	—	—	—	—	—	37	—	37
Net loss	—	—	—	—	—	—	—	(1,006)	(1,006)
Balance at March 31, 2026	2,378,383	$ 2	500	$ -	850	$ -	$ 926,914	$ (925,628)	$ 1,288

For the Three Months Ended March 31, 2025

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at January 1, 2025	1,601,252	$ 2	$ 922,507	$ (920,446)	$ 2,063
Stock-based compensation	—	—	68	—	68
Net loss	—	—	—	(1,073)	(1,073)
Balance at March 31, 2025	1,601,252	$ 2	$ 922,575	$ (921,519)	$ 1,058

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

Alaunos Therapeutics, Inc.

CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)

	For the Three Months Ended March 31,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (1,006)	$ (1,073)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	8	—
Common stock issued for services rendered	85	—
Stock-based compensation	56	68
Changes in operating assets and liabilities:		
Receivables	3	3
Prepaid expenses and other current assets	40	(140)
Accounts payable	(212)	315
Accrued expenses	(5)	55
Net cash flows from operating activities	(1,031)	(772)
Net decrease in cash, cash equivalents	(1,031)	(772)
Cash and cash equivalents, beginning of period	1,385	1,091
Cash and cash equivalents, end of period	$ 354	$ 319

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

1. Organization

Overview

Alaunos Therapeutics, Inc., which is referred to herein as "Alaunos," or the "Company," is a pre-clinical stage obesity and metabolic disorders company with a current focus on developing oral small molecules for obesity and other metabolic disorders. The Company was historically involved in the development of adoptive TCR therapies, designed to treat multiple solid tumor types in large cancer patient populations with unmet clinical needs.

The Company's operations to date have consisted primarily of conducting research and development and raising capital to fund those efforts.

As of March 31, 2026, there were 2,378,383 shares of common stock outstanding, 500 Series A-1 shares of preferred stock outstanding, 850 Series A-2 shares of preferred stock outstanding and an additional 327,098 shares of common stock reserved for issuance pursuant to outstanding stock options and warrants. The Company also has 955,333 shares available for issuance under its 2020 Equity Incentive Plan.

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

Liquidity and Going Concern

The Company has operated at a loss since its inception in 2003 and has no recurring revenue from operations. The Company anticipates that losses will continue for the foreseeable future. As of March 31, 2026, the Company had approximately $0.35 million of cash and cash equivalents. The Company's accumulated deficit at March 31, 2026 was approximately $925.6 million. Given its current development plans and cash management efforts, the Company anticipates cash resources will be sufficient to fund operations into the second quarter of 2026. The Company's ability to continue operations after its current cash resources are exhausted depends on future events including its ability to obtain additional financing or to achieve profitable results, as to which no assurances can be given. If adequate additional funds are not available when required, management may need to curtail its development efforts and planned operations to conserve cash until sufficient additional capital is raised. There can be no assurances that such a plan would be successful.

Based on the current cash forecast and the Company's dependence on its ability to obtain additional financing to fund its operations after the current resources are exhausted, about which there can be no certainty, management has determined that the Company's present capital resources will not be sufficient to fund its planned operations for at least one year from the issuance date of the financial statements which raises substantial doubt as to the Company's ability to continue as a going concern. This forecast of cash resources is forward-looking information that involves risks and uncertainties, and the actual amount of expenses could vary materially and adversely as a result of a number of factors.

Basis of Presentation

The accompanying unaudited interim condensed financial statements reflect all adjustments (which are normal and recurring) that are necessary for a fair presentation of the financial position of the Company and its results of operations and cash flows for the periods presented. The unaudited interim condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2025, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the SEC on March 31, 2026 and as amended by Amendment No. 1 filed with the SEC on April 30, 2026. (collectively, the "2025 Annual Report")

The results disclosed in the statements of operations for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for the full fiscal year 2026.

Use of Estimates

The preparation of condensed financial statements in conformity with generally accepted accounting principles in the in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although the Company regularly assesses these estimates, actual results could differ from those estimates. Changes in estimates are recorded in the period in which they become known.

Nasdaq Stockholders' Equity Deficiency Notice

On April 9, 2026, the Company received a notice (the "Notice") from the Listing Qualifications staff of Nasdaq notifying the Company that the Company's stockholders equity, as reported in its 2025 Annual Report, did not satisfy the continued listing requirements under Nasdaq Listing Rule 5550(b)(1) for the Nasdaq Capital Market, which requires that a listed company's stockholder equity be at least $2.5 million. In its 2025 Form 10-K, the Company reported stockholders' equity of $2.2 million, and, as a result, does not currently satisfy Nasdaq Listing Rule 5550(b)(1).

The Notice had no immediate effect on the Company's listing on the Nasdaq Capital Market. In accordance with Nasdaq rules, the Company had 45 calendar days from the date of the notification to submit a plan to regain compliance with Nasdaq Listing Rule 5550(b)(1).

In the event that the Company's plan is not accepted, or that the plan is granted by the staff at Nasdaq but the Company is unable to regain compliance, the Company would have the right to request a hearing before an independent Nasdaq hearings panel. The request for a hearing would result in a stay of any suspension or delisting action pending the conclusion of the hearing process.

2. Summary of Significant Accounting Policies

Certain of our accounting estimates are important to the portrayal of our financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently certain. Estimates are susceptible to material changes as a result of changes in facts and circumstances. Management believes that clinical trial expenses and other research and development expenses, collaboration agreements, fair value measurements of share based arrangements, and income taxes are its most critical accounting estimates. Our accounting policies are discussed in detail in Note 2 – Summary of Significant Accounting Policies in the audited financial statements included in the Company's 2025 Annual Report. There have been no material changes in those policies since the filing of the 2025 Annual Report.

3. Net earnings per share

Basic earnings per share of common stock is computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per share is computed using the weighted-average number of shares of common stock outstanding during the period, plus the dilutive effect of outstanding options and warrants, using the treasury stock method, unless the effect on net earnings per share is antidilutive. The following have been excluded from the calculation of dilutive earnings per share, as the effect was antidilutive:

	March 31,	
	2026	2025
Common stock options	220,646	45,237
Warrants	106,452	26,555
Series A-1 Preferred Stock	181,159	-
Series A-2 Preferred Stock	189,309	-
	697,566	71,792

The following table show the net loss attributable to common shareholders after including undeclared cumulative preferred dividend used to calculate the basic and diluted earnings per share, as shown on the statement of operations (See Note 5. Equity - Series A-1 and A-2 Preferred Stock Cumulative Dividends):

	For the Three Months Ended March 31,	
	2026	2025
Net loss	$ (1,006)	$ (1,073)
Cumulative preferred dividends	(149)	-
Net loss attributable to common stockholders	$ (1,155)	$ (1,073)

4. Commitments and Contingencies

License Agreements

License Agreement and Research and Development Agreement —The University of Texas MD Anderson Cancer Center

In 2015, the Company, together with Precigen, entered into a license agreement, or the MD Anderson License with MD Anderson (which Precigen subsequently assigned to PGEN). Pursuant to the MD Anderson License, the Company, together with Precigen, holds an exclusive, worldwide license to certain technologies owned and licensed by MD Anderson including technologies relating to novel CAR T-cell therapies, non-viral gene transfer systems, genetic modification and/or propagation of immune cells and other cellular therapy approaches, Natural Killer, or NK Cells, and TCRs.

In 2015, the Company, Precigen and MD Anderson entered into the 2015 R&D Agreement to formalize the scope and process for the transfer by MD Anderson, pursuant to the terms of the MD Anderson License, of certain existing research programs and related technology rights, as well as the terms and conditions for future collaborative research and development of new and ongoing research programs.

As provided under the MD Anderson License, the Company provided funding for research and development activities in support of the research programs under the 2015 R&D Agreement. At various times, the Company amended the 2015 R&D Agreement to extend the term until December 31, 2026 and in 2019 entered into the 2019 R&D Agreement, pursuant to which the Company agreed to collaborate with respect to the TCR program.

The 2019 R&D Agreement will terminate on December 31, 2026 and either party may terminate the 2019 R&D Agreement following written notice of a material breach. The 2019 R&D Agreement also contains customary provisions related to indemnification obligations, confidentiality and other matters.

During the reporting period, the Company continued to engage with The University of Texas M.D. Anderson Cancer Center ("MD Anderson") to wind down the TCR trials. The parties completed the final reconciliation of amounts due under the related R&D agreements, and the Company received the final invoice during the second quarter of 2025. Amounts due to MD Anderson and recorded in accounts payable were $57 and $143 as of March 31, 2026 and December 31, 2025, respectively.

On November 4, 2025, the Office of the Attorney General of Texas, on behalf of MD Anderson, issued a demand for payment. On December 17, 2025, the Company entered into a Settlement and Release Agreement with MD Anderson to resolve the matter. Pursuant to the agreement, the Company agreed to pay $285 in six installments through May 30, 2026, in full satisfaction of the outstanding invoices. The agreement also provides for mutual general releases, subject to customary exceptions, including for breach of the settlement agreement and certain ongoing matters such as Protocol 2006-0676.

Patent and Technology License Agreement—The University of Texas MD Anderson Cancer Center and the Texas A&M University System

In August 2004, the Company entered into a patent and technology license agreement with MD Anderson and the Texas A&M University System, which the Company refers to, collectively, as the Licensors. Under this agreement, the Company was granted an exclusive, worldwide license to rights (including rights to U.S. and foreign patent and patent applications and related improvements and know-how) for the manufacture and commercialization of two classes of organic arsenicals (water- and lipid-based) for human and animal use. The class of water-based organic arsenicals includes darinaparsin.

Under the terms of the agreement, the Company may be required to make payments to the Licensors upon achievement of certain milestones in varying amounts which, on a cumulative basis could total up to an additional $4.5 million. In addition, the Licensors are entitled to receive low single digit royalties on net sales from a licensed product and will also be entitled to receive a portion of any fees that the Company may receive from a possible sublicense under certain circumstances. During the three months ended March 31, 2026 and 2025, the Company did not incur any milestone expenses or royalty expenses under this agreement.

Collaboration Agreement with Solasia Pharma K.K.

In 2011, the Company entered into a License and Collaboration Agreement with Solasia Pharma K. K., or Solasia, which was amended in 2014 to include an exclusive worldwide license and further amended in 2021 to revise certain payment schedule details, or, as so amended, the Solasia License and Collaboration Agreement. Pursuant to the Solasia License and Collaboration Agreement, the

Company granted Solasia an exclusive license to develop and commercialize darinaparsin in both intravenous and oral forms and related organic arsenic molecules, in all indications for human use.

As consideration for the license, the Company is eligible to receive from Solasia development- and sales-based milestones, a royalty on net sales of darinaparsin, once commercialized, and a percentage of any sublicense revenue generated by Solasia.

During the three months ended March 31, 2026 and 2025, the Company earned collaboration revenue of $0 and $2 thousand, respectively under this agreement.

Insurance Contract

During three months ended March 31, 2026, the Company entered into an insurance arrangement covering certain risks, for which the premium had been fully prepaid, with coverage effective over a six-year period. Accordingly, the Company began amortizing the prepaid expense related to the contract. The Company has classified the prepaid contract between its current portion and long term-portion. As of March 31, 2026, $388 is included in prepaid expenses and other current assets and $831 is included in prepaid expense and other non-current assets in the accompanying condensed consolidated balance sheet.

5. Equity

Director Compensation

On January 12, 2026, members of the Board of Directors of the Company elected to receive compensation in equity rather than in cash for their fourth quarter 2025 board service fees. The total deferred board service fees amounted to $48. In exchange for these deferred fees, the Company issued 16,867 shares of common stock, each with a par value of $0.001.

Series A-1 and A-2 Preferred Stock Cumulative Dividends

Cumulative dividends on the Company's Series A-1 and Series A-2 Convertible Preferred Stock accrue at 10% per annum and compound quarterly by increasing the liquidation preference. Undeclared cumulative dividends are not recorded as a liability. Because the Company reported a net loss for the periods presented, cumulative preferred dividends increased the net loss attributable to common stockholders in the earnings-per-share calculation. As of March 31, 2026, undeclared cumulative dividends totaled $82 for Series A-1 and $67 for Series A-2.

6. Stock-Based Compensation

The following table presents share-based compensation expense on all employee and non-employee awards included in the accompanying condensed statements of operations as follows:

(in thousands)	For the Three Months Ended March 31, 2026	2025
Research and development	$ 3	$ 2
General and administrative	138	66
Stock-based compensation expense	$ 141	$ 68

The grant date fair value of stock options was estimated on the date of grant using a Black-Scholes option valuation model with the following assumptions:

	For the Three Months Ended March 31, 2025
Risk-free interest rate	4.05%
Expected life in years	6.06
Expected volatility	113.26%
Expected dividend yield	—%

Stock option activity under the Company's stock option plans for the three months ended March 31, 2026 was as follows:

(in thousands, except share and per share data)	Number of Shares	Weighted-Average Exercise Price	Weighted- Average Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2025	222,485	$ 23.98	9.04	$ 31
Cancelled	(1,837)	85.50		
Outstanding, March 31, 2026	220,646	$ 23.80	8.86	$ 19
Options exercisable, March 31, 2026	122,286	$ 37.97	8.51	$ 19
Options available for future grant, March 31, 2026	955,333			

At March 31, 2026, total unrecognized compensation costs related to unvested stock options outstanding amounted to $492 and is expected to be recognized over a weighted-average period of 2.55 years.

7. Warrants

The following is a summary of the Company's warrant activity for the three months ended March 31, 2026:

(in thousands, except share and per share data)	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Contractual Term (Years)
Outstanding, December 31, 2025	106,452	$ 9.63	3.73
Outstanding, March 31, 2026	106,452	$ 9.63	3.48

8. Segment Information

The Chief Operating Decision Maker (“CODM”) for the Company is the Chief Executive Officer (the "CEO"). The Company’s CEO reviews operating results on an aggregate basis and manages the Company’s operations as a whole for the purpose of evaluating financial performance and allocating resources. This decision-making process reflects the way in which financial information is regularly reviewed and used by the CODM to evaluate performance, set operational targets, forecast future financial results, and allocate resources. Accordingly, the Company has determined that it has a single reportable and operating segment related to biopharmaceutical research and development.

The Company’s CODM assesses financial performance and allocates resources based on operating results which are also reported on the accompanying condensed statements of operations. The measure of segment assets is reported on the balance sheet as total consolidated assets. The CODM utilizes consolidated operating results by comparing actual results against budgeted amounts. As part of this process, consolidated net loss is a critical performance measure used to evaluate the Company’s operating performance and guide strategic decisions and resource allocations, including additional investments in research and development.

9. Subsequent Events

On April 9, 2026, the Company received a notice from the Listing Qualifications staff of Nasdaq that it does not meet the minimum stockholders’ equity requirement of $2.5 million under Nasdaq Listing Rule 5550(b)(1). The Company has 45 calendar days from the date of the notice to submit a plan to regain compliance.

On April 29, 2026, members of the Board of Directors of the Company elected to receive compensation in equity rather than in cash for their first quarter 2026 board service fees. The total deferred board service fees amounted to $48. In exchange for these deferred fees, the Company issued 18,821 shares of common stock, each with a par value of $0.001.

On May 13, 2026, the Company issued an aggregate of 16,869 shares of common stock, par value $0.001 per share, to various consultants for services rendered, with an aggregate fair value of approximately $43.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial information and related notes included in our Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or the SEC, on March 31, 2026, or the Annual Report.

Except for the historical financial information contained herein, the matters discussed in this Quarterly Report on Form 10-Q may be deemed to contain forward-looking statements that reflect our plans, estimates and beliefs. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. In this Quarterly Report on Form 10-Q, words such as "may," "expect," "anticipate," "estimate," "intend," "plan" and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements.

Our actual results could differ materially from those contained in or implied by any forward-looking statements. Factors that could cause or contribute to these differences include those risks identified under Part II, Item 1A. Risk Factors of our 2025 Annual Report.

Overview

We have not generated any product revenue and have incurred significant net losses in each year since our inception. For the three months ended March 31, 2026, we had a net loss of $1.0 million, and as of March 31, 2026, we have incurred approximately $925.6 million of accumulated deficit since our inception in 2003. We expect to continue to incur significant operating expenditures and net losses for the foreseeable future as we advance our internally developed preclinical small-molecule oral Obesity and Metabolic Disorders Program.

The Company is advancing an internally developed, preclinical small molecule program for the treatment of obesity and related metabolic disorders. This program is focused on the discovery and development of novel, orally administered therapeutics with the potential to provide a differentiated and complementary profile relative to currently available therapies. While other pipeline therapies for obesity are exploring alternative hormonal pathways, including amylin and dual GIP/GLP-1 receptor agonism, the Company's approach is focused on a non-hormonal mechanism of action. The program is intended to identify an oral therapeutic candidate that may address certain limitations associated with existing hormonal therapies, including improved tolerability.

In the second half of 2025, the Company conducted two separate non-GLP (Good Laboratory Practice) pharmacology studies using a standard diet-induced obesity (DIO) mouse model in male C57BL/6 mice maintained on a high-fat diet (60% of calories from fat). On January 8, 2026, the Company announced it had identified a lead compound for continued preclinical evaluation and had established proof-of-concept in the diet induced obesity (DIO) mouse model from these two studies, noting observations from the studies conducted were encouraging and consistent with statistically significant dose-related reductions in body weight, statistically significant improvements in body composition, specifically percentage fat and relative preservation of percentage lean, alongside favorable changes in metabolic parameters.

On March 2, 2026, we announced additional details regarding this positive preclinical proof-of-concept data for ALN1003 from the two separate DIO studies conducted. Highlights from these studies include dose-dependent body weight loss with favorable body composition changes, reductions in liver weight, improvement in liver function biomarkers, and improvement in metabolic biomarkers. Collectively, these findings suggest encouraging metabolic effects of ALN1003 in the DIO model.

Recent Developments

Recent preclinical data demonstrated that ALN1003 produced coordinated metabolic effects across multiple biological pathways relevant to metabolic syndrome, including insulin resistance, adipose tissue dysfunction, and liver steatosis, in non-GLP diet-induced obesity (DIO) mouse models. The findings support continued development of ALN1003 as a potential therapy for metabolic syndrome and related conditions, including obesity, metabolic dysfunction-associated steatotic liver disease (MASLD, a type of fatty liver disease) and insulin resistance.

Metabolic syndrome is increasingly understood not as a collection of independent risk factors, but as a multi-organ, adiposity-associated disease state characterized by insulin resistance, dysfunctional adipose tissue, chronic low-grade inflammation, and hepatic lipid accumulation. Emerging research suggests that the biological quality and endocrine function of adipose tissue, rather than fat mass alone, plays a central role in disease progression. Within this framework, the preclinical profile of ALN1003 is notable in that it appears to engage several of these interconnected systems simultaneously.

In the longer-duration 48-day DIO model, ALN1003 was associated with significantly lower fasting insulin and significantly lower Homeostasis Model Assessment of Insulin Resistance (HOMA-IR), a calculated index derived from fasting glucose and insulin. ALN1003-treated animals had significantly lower HOMA-IR scores compared with controls after adjustment for percentage body fat in

a standard ANCOVA analysis (p=0.0006) with the same conclusion confirmed using heteroscedasticity-robust HC3 standard errors sensitivity analysis (p=0.0014). ALN1003 was also associated with numerically lower leptin, significantly higher adiponectin, and a significantly higher adiponectin-to-leptin ratio. Together, these findings are consistent with improved insulin-resistance-related biomarkers and favorable adipose endocrine signaling in this preclinical model.

Liver histology findings provided additional supportive evidence relevant to the liver component of metabolic syndrome. In a blinded pathology review of selected liver samples from the 48-day and 18-day DIO studies, H&E-stained (hematoxylin and eosin stain) whole-slide images were evaluated for steatosis, lobular inflammation, ballooning degeneration, and NAS components, while Masson's trichrome-stained sections were used to assess fibrosis. In evaluable samples, ALN1003-treated animals showed qualitative findings consistent with lower hepatic steatosis relative to controls, along with lower mean NAS scores. Control samples evaluated in the selected pathology set had NAS scores of 5, consistent with more active steatotic liver disease-like histology, while ALN1003-treated samples had lower mean NAS scores of 2.7 and 1.3 in the 48-day and 18-day studies, respectively. These limited pilot pathology findings do not establish MASLD resolution, fibrosis reversal, inflammation improvement, or clinical efficacy, but are consistent with a qualitative anti-steatotic effect in this preclinical model.

Taken together, these findings suggest that ALN1003 may influence multiple components of metabolic syndrome biology in DIO mouse models, including insulin-resistance-related biomarkers, adipose endocrine signaling, and hepatic lipid accumulation. This multi-axis preclinical profile may be relevant to a therapeutic landscape increasingly focused on metabolic health beyond body weight alone, including liver health, cardiometabolic risk, and preservation of lean mass.

Key findings from two separate DIO studies (non-GLP) are summarized below (nominal reported p-values are unadjusted for multiple comparisons):

DIO Study 1

The purpose of the first study was to evaluate the pharmacokinetics (PK) and tolerability of ALN1003 and to assess early proof-of-concept anti-obesity efficacy including changes in weight, metabolic biomarkers, and adipose remodeling. Mice received low, controlled oral doses of ALN1003, split into two doses each day. Measurements included daily body weight, food and water consumption at the cage level, and metabolic markers (blood collection after a 4-6 hour fast at end of study). All animals were observed prior to and after each dose administration. There were 12 mice in each group, with mice housed 3 per cage.

Relative to DIO controls, mean percent change in body weight for ALN1003-treated mice peaked at -12.9% ($p<0.0001$) on Day 34 and was -10.3% ($p<0.0001$) after 48 days of treatment. Peak reductions in absolute weight loss were observed by Day 13 and remained lower than DIO controls through Day 48 ($p<0.0001$ at selected timepoints).

Food and water consumption: ALN1003 reduced cumulative food consumption versus DIO control (347.5 g/cage vs 425.0 g/cage; nominal $p<0.05$). ALN1003 reduced water consumption (445.8 mL/cage vs 494.5 mL/cage; not statistically significant).

Liver and Fat Tissue: In this study, ALN1003 reduced liver weight compared to untreated mice by 43% ($p<0.0001$) and by 39% when expressed as a percentage of body weight ($p<0.0001$). Long-term administration of ALN1003 was associated with lower ALT (alanine aminotransferase; $p<0.0001$), AST (aspartate aminotransferase; nominal $p<0.0001$) and ALP (alkaline phosphatase; $p<0.0001$), with a trend toward lower total bilirubin (nominal $p=0.058$) compared to untreated mice.

An unblinded macroscopic visual review of organ morphology was conducted comparing the liver and adipose tissues of the DIO control to the ALN1003 treatment group. Relative to DIO controls, ALN1003-treated animals exhibited smaller, deep reddish-brown livers; reduced epididymal white adipose tissue (eWAT) and inguinal white adipose tissue (iWAT) depots consistent with decreased adiposity; and darker interscapular BAT with appearance consistent with reduced "whitening" of BAT.

Tolerability: ALN1003 was generally well tolerated throughout the study. Mild, short-term, reversible hypolocomotion was observed after dosing in approximately one-half of dose administrations. There were no similar observations in DIO control animals.

DIO Study 2

The second study conducted was a pilot study to evaluate palatability, tolerability, anti-obesity effects, body composition and PK of ALN1003 administered orally in drinking water at three dose levels in DIO mice. The study comprised a treatment period of 14 days and a PK period of 4 days. ALN1003 was administered at three dose levels: low, medium and high. The middle and highest planned doses were 3 and 9 times higher than the low dose, respectively. Measurements included daily body weight, food and water consumption at the cage level, and metabolic parameters (blood collection after a 4-6 hour fast at end of study). All animals were observed each day. There were 6 mice in each group (2 mice per cage).

Food and water consumption: ALN1003 reduced cumulative food intake in a dose-dependent manner over the 14-day treatment period. Cumulative food consumption in grams per cage was 84.5g, 80.8g, 76.7g and 56.7g (nominal $p<0.05$) for the DIO control, low, medium and high doses, respectively. Cumulative food consumption when normalized to body weight per cage was 87.9g, 85.6g, 86.7g and 73.6g for the DIO control, low, medium and high doses, respectively. ALN1003 reduced water intake significantly over the 14-day treatment period. Cumulative water consumption in milliliters per cage was 112.8 mL, 80.1 mL (nominal $p<0.05$), 71.1 mL ($p<0.0001$) and 63.5 mL ($p<0.0001$) for the DIO control, low, medium and high doses, respectively. Cumulative water consumption when normalized to body weight per cage was 116.9 mL, 84.9 mL, 80.5 mL and 80.3 mL for the DIO control, low, medium and high doses, respectively. Actual dose consumed is dependent on how much water mice drink. Actual doses consumed during the 14-day treatment period were consistent with planned doses, with variances to planned doses of +7.3%, -0.3% and -6.9% in the low, medium and high dose groups, respectively.

Body composition was assessed using a Bruker Minispec™LF90II Body Composition Analyzer (Bruker BioSpin, Billerica, MA, USA) and demonstrated dose-related changes that were driven primarily by fat loss but also included the loss of lean and fluid mass. The table below summarizes the mean percentage change from baseline through Day 17 in fat, lean and fluid as a % of body weight (BW) and mass in grams:

Mean % Change:	**Control**	**Low**	**Medium**	**High**
D17 Fat% of BW	+2.4%	-1.5%	-5.4%	-21.9%[c]
D17 Lean% of BW	-1.3%	+2.4%	+4.6%	+17.2%[c]
D17 Fluid% of BW	+0.4%	-9.3%	-12.0%	-25.7%[b]
D17 Fat in grams	+4.7% (+0.9g)	-1.8% (-0.4g)	-12.3% (-2.5g)[b]	-44.6% (-8.9g)[c]
D17 Lean grams	+1.9% (+0.5g)	+2.2% (+0.6g)	-4.1% (-1.1g)[a]	-18.8% (-5.0g)[c]
D17 Fluid grams	+2.7% (+0.1g)	-9.6% (-0.4g)	-18.8% (-0.7g)[a]	-47.3% (-1.8g)[c]

Significance of comparison to Control group: a: nominal $p<0.05$; b: nominal $p<0.001$; c: $p<0.0001$

Liver and Fat Tissue: At end of study Day 18, including the 14-day treatment period plus the PK period, dose-related reductions in liver weights compared to DIO control were -6.8%, -20.5% and -55.0% (nominal $p<0.01$) in the low, medium and high dose groups, respectively. Reductions in liver weights expressed as a percentage of body weight relative to DIO control were -2.6%, -12.0% and -32.6% (nominal $p<0.05$). Liver enzymes showed no statistically significant change after 18 days; gross liver appearance suggested reduced fat accumulation. Histological analyses of liver and adipose tissues are planned.

An unblinded macroscopic visual review of organ morphology was conducted comparing the liver and adipose tissues of the DIO control to the high dose group. This analysis showed reductions in white fat depots (such as epididymal white adipose tissue, or eWAT, and inguinal white adipose tissue, or iWAT) and an interscapular BAT appearance consistent with reduced "whitening" in the ALN1003 tissues vs DIO control. Review of liver images suggested less visible fat accumulation and smaller, deep red-brown livers compared to DIO control.

Metabolic parameters: In this study, the highest-dose group showed lower blood sugar (glucose; 197 mg/dL in high dose vs 320 mg/dL in DIO control; $p<0.0001$) and lower total cholesterol (162 mg/dL in high dose vs 209 mg/dL in DIO control; nominal $p<0.05$). HDL-C (high-density lipoprotein cholesterol), the dominant lipoprotein in DIO mice, also decreased to 130 mg/dL in high dose vs 165 mg/dL in DIO control; nominal $p<0.05$.

Tolerability: ALN1003 was generally well tolerated throughout the study; however, on Day 16 (during the PK portion of the study), two mice in the high-dose group were noted to be slightly dehydrated for the remainder of the study, although they otherwise appeared normal.

Important Context and Model Limitations

Behavior-coupled dosing in unrestricted (ad libitum) drinking-water studies: In this paradigm, ALN1003 caused dose-related loss of appetite and thirst (anorexia/hypodipsia), leading to avoidance of medicated water. Despite actual doses consumed approximating planned doses in this study, reductions in drinking may confound attribution of weight loss solely to drug exposure in this model.

Development Roadmap

The findings from the Company's recent non-GLP diet-induced obesity mouse studies support the Company's plan to conduct additional preclinical studies and CMC activities for ALN1003. These planned activities are intended to further characterize ALN1003's pharmacology, evaluate exposure-response relationships, optimize formulation approaches, and support future development planning.

The Company has completed initial non-GLP, single-dose pharmacokinetic studies in large animals. Based on this preliminary data, the Company believes the observed pharmacokinetic profile is consistent with further evaluation of a twice-daily (BID) dosing schedule. Additional studies are required to confirm dose, formulation, exposure, safety, and pharmacodynamic relationships.

The Company is also planning additional studies to further characterize ALN1003's mechanism of action and its effects on metabolic pathways relevant to insulin resistance, adipose endocrine signaling, and hepatic lipid accumulation.

In parallel, the Company has initiated small-scale manufacturing activities intended to evaluate and refine production processes for ALN1003. Following completion and assessment of these activities, the Company may pursue a larger-scale production run using the refined process, subject to available capital, technical feasibility, and development priorities.

The Company has also initiated a computational chemistry program to design, synthesize, and test ALN1003 analogs or related compounds. The objective of this program is to identify potential next-generation compounds and strengthen the Company's intellectual property position. The Company has synthesized its first next-generation compounds under this program and plans to evaluate additional compounds as resources permit.

The advancement of this program is subject to numerous risks and uncertainties inherent in early-stage drug development. Subject to favorable data from these preclinical studies and our ability to secure additional capital, we plan to advance a selected development candidate into formal investigational new drug (IND)-enabling studies. We intend to actively explore strategic financing and collaboration opportunities to fund the continued development of this program.

Nasdaq Shareholders Equity Deficiency Notice

On April 9, 2026, the Company received a notice (the "Notice") from the Listing Qualifications staff of Nasdaq notifying the Company that the Company's stockholders equity, as reported in its 2025 Annual Report, did not satisfy the continued listing requirements under Nasdaq Listing Rule 5550(b)(1) for the Nasdaq Capital Market, which requires that a listed company's stockholder equity be at least $2.5 million. In its 2025 Form 10-K, the Company reported stockholders' equity of $2.1 million, and, as a result, does not currently satisfy Nasdaq Listing Rule 5550(b)(1).

The Notice had no immediate effect on the Company's listing on the Nasdaq Capital Market. In accordance with Nasdaq rules, the Company had 45 calendar days from the date of the notification to submit a plan to regain compliance with Nasdaq Listing Rule 5550(b)(1).

In the event that the Company's plan is not accepted, or that the plan is granted by the staff at Nasdaq but the Company is unable to regain compliance, the Company would have the right to request a hearing before an independent Nasdaq hearings panel. The request for a hearing would result in a stay of any suspension or delisting action pending the conclusion of the hearing process.

Results of Operations

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Royalty Revenue

Royalty revenue during the three months ended March 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31,			
	2026	2025	Change	
($ in thousands)				
Revenue	$ —	$ 2	$ (2)	(100)%

Research and Development Expenses

Research and development expenses during the three months ended December 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31,			
	2026	2025	Change	
($ in thousands)				
Research and development expenses	$ 427	$ 347	$ 80	23%

Research and development expenses for the three months ended March 31, 2026 increased by $80 when compared to the three months ended March 31, 2025, primarily due to an increase in stock based compensation, salary expense and consulting fees incurred in pursuit of our obesity and metabolic disorder program.

General and Administrative Expenses

General and administrative expenses during the three months ended March 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31,			
	2026	2025	Change	
($ in thousands)				
General and administrative expenses	$ 585	$ 747	$ (162)	(22)%

General and administrative expenses for the three months ended March 31, 2026 decreased by $162 as compared to the three months ended March 31, 2025, primarily due to a decrease in salary expense, insurance costs, filing fees, bank fees and travel costs due to our downsized operations.

Other Income

Other income during the three months ended March 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31,			
	2026	2025	Change	
($ in thousands)				
Other income, net	6	19	(13)	(68)%

Other income, net, for the three months ended March 31, 2026 decreased by $13 as compared to the three months ended March 31, 2025.

Liquidity and Capital Resources

Liquidity

Sources of Liquidity

We have not generated any revenue from product sales. Since inception, we have incurred net losses and negative cash flows from our operations. We have operated at a loss since inception in 2003 and have no significant recurring revenue from operations. We anticipate that losses will continue for the foreseeable future. As of March 31, 2026, our accumulated deficit was approximately $925.6 million. Our working capital as of March 31, 2026 was $0.375 million, consisting of $0.97 million in current assets and $0.595 million in current liabilities. Our actual cash requirements may vary materially from those planned because of a number of factors, including changes in the focus, direction and pace of our development programs.

To date, we have financed our operations primarily through public offerings and private placements of equity securities (including common stock, pre-funded warrants, and Series A-1 and Series A-2 Convertible Preferred Stock), as well as limited historical collaborations.

As of March 31, 2026, we had approximately $0.35 million of cash and cash equivalents. Our current monthly cash burn rate is approximately $0.34 million. At this rate we anticipate that our existing cash resources will be sufficient to fund operations into the second quarter of 2026. This estimate excludes any potential costs related to strategic transactions, unexpected legacy wind-down activities, unforeseen liabilities, or acceleration of our obesity and metabolic disorders program.

We have no committed sources of additional capital. To continue operations beyond our current forecasted runway and to advance our preclinical Obesity and Metabolic Disorders Program through additional animal studies, formulation optimization, manufacturing scale-up, and IND-enabling work, we will need to raise substantial additional capital through equity or debt financings, collaborations, or other strategic transactions. There can be no assurance that additional funding will be available on favorable terms, or at all.

Our actual cash requirements may vary materially from those currently planned due to a number of factors, including the pace and results of our preclinical studies for the obesity program, any changes in the focus or direction of our development efforts, costs associated with legacy obligations (including the remaining payments under the December 2025 MD Anderson Settlement and Release Agreement), and the outcome of any potential strategic opportunities. We have based our runway estimates on assumptions that may prove to be

wrong, and our expenses could prove to be significantly higher than we currently anticipate.

Based on our current cash forecast, management has determined that our present capital resources will not be sufficient to fund our planned operations for at least one year after the date these financial statements are issued. This raises substantial doubt about our ability to continue as a going concern. If we are unable to raise additional capital when required, we may be forced to further delay, reduce, or eliminate our development activities, which could ultimately lead to dissolution or liquidation. See "Risk Factors — We may require substantial additional financial resources to continue as a going concern and to advance our obesity and metabolic program" for additional discussion.

Series A-1 and A-2 Preferred Stock Cumulative Dividends

Cumulative dividends on the Company's Series A-1 and Series A-2 Convertible Preferred Stock accrue at 10% per annum and compound quarterly by increasing the liquidation preference. Undeclared cumulative dividends are not recorded as a liability. Because the Company reported a net loss for the periods presented, cumulative preferred dividends increased the net loss attributable to common stockholders in the earnings-per-share calculation. As of March 31, 2026, undeclared cumulative dividends totaled $39 for Series A-1 and $67 for Series A-2.

Cash Flows

The following table summarizes our net decrease in cash and cash equivalents for the three months ended March 31, 2026 and 2025:

	For the Three Months Ended March 31,	
($ in thousands)	**2026**	**2025**
Net cash flows from:		
Operating activities	$ (1,031)	$ (772)
Net increase (decrease) in cash and cash equivalents	$ (1,031)	$ (772)

Cash flows from operating activities represent the cash receipts and disbursements related to all of our activities other than investing and financing activities. Operating cash flow is derived by adjusting our net loss for:

- Non-cash operating items such as depreciation, amortization, and stock-based compensation; and
- Changes in operating assets and liabilities which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in results of operations.

Net cash flows used in operating activities for the three months ended March 31, 2026 was $1.03 million, as compared to net cash used in operating activities of $0.77 million for the three months ended March 31, 2025. The increase in net cash used in operating activities was primarily related to increase in our net loss, offset by an increase in timing of accounts payable and accrued expenses.

Capital Resources

Operating Leases

As of March 31, 2026, we have no lease commitments, other than a short-term lease.

Royalty and License Fees

In June 2022, Solasia Pharma K. K., or Solasia, announced that darinaparsin had been approved for relapsed or refractory Peripheral T-Cell Lymphoma by the Ministry of Health, Labor and Welfare in Japan. During the three months ended March 31, 2026 and 2025, the Company earned $0 and $2, respectively, in royalty revenues on net sales under the Solasia License and Collaboration Agreement.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

As a smaller reporting company, as defined by Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, we are not required to provide the information under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our principal executive officer and principal accounting officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of March 31, 2026. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the 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 Securities and Exchange Commission'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 accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our principal executive officer and principal financial officer has concluded that as of March 31, 2026, our disclosure controls and procedures were not effective.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act) that occurred during the three months ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we may periodically become subject to legal proceedings and claims arising in connection with ongoing business activities from time to time. The results of litigation and claims cannot be predicted with certainty, and unfavorable resolutions are possible and could materially affect our business, financial condition, results of operations, cash flows and prospects. In addition, regardless of the outcome, litigation could have an adverse impact on us because of defense costs, diversion of management attention and resources and other factors.

We do not have any pending litigation that, separately or in the aggregate, would, in the opinion of management, be reasonably likely to have a material adverse effect on our business, financial condition, results of operations, cash flows or prospects.

Item 1A. Risk Factors

Our business faces significant and evolving risks, many of which are described in the section captioned "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 31, 2026, as amended by Amendment No. 1 filed on April 30, 2026.

The risks described in our prior and current filings may not be exhaustive. Additional risks of which we are currently unaware, or that we presently deem immaterial, may also emerge or intensify and materially impair our business, financial condition, results of operations, cash flows, or prospects. If any of the events or circumstances described in these risk factors occur our operations may be curtailed, our strategic process may fail, and we may be forced to pursue dissolution or bankruptcy, resulting in a total loss of your investment. Investors and prospective investors must carefully consider the risks detailed in our Annual Report, Quarterly Reports, and this Form 10-Q, along with the "Forward-Looking Statements" section and all other information herein, before making any investment decision.

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

The information set forth below relates to our issuances of securities without registration under the Securities Act of 1933 in reliance on Section 4(a)(2) of the Securities Act, and/or Regulation D promulgated thereunder.

On January 12, 2026, members of the Board of Directors of the Company elected to receive compensation in equity rather than in cash for their fourth quarter 2025 board service fees. The total deferred board service fees amounted to $48. In exchange for these deferred fees, the Company issued 16,867 shares of common stock, each with a par value of $0.001.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Alaunos Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, SEC File No. 001-33038, filed February 1, 2024).
3.2	Certificate of Designation of Series A-1 Convertible Preferred Stock of Alaunos Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on April 14, 2025).
3.3	Certificate of Designation of Series A-2 Convertible Preferred Stock of Alaunos Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on June 26, 2025).
3.4	Amended and Restated Bylaws of the Registrant, dated as of September 21, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, SEC File No. 001-33038, filed September 22, 2020).
31.1+	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) or 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS+	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH+	Inline XBRL Taxonomy Extension Schema Document
104+	Cover Page Interactive Data File—the cover page interactive data is embedded within the Inline XBRL document or included within the Exhibit 101 attachments

\+ Filed herewith.

++ This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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.

ALAUNOS THERAPEUTICS, INC.

By:

/s/ Holger Weis
Holger Weis
Chief Executive Officer
(On Behalf of the Registrant and as Principal Executive Officer and Principal Financial Officer)
Dated: May 15, 2026

By:

/s/ Ferdinand Groenewald
Ferdinand Groenewald
Vice President, Finance
(Principal Accounting Officer)
Dated: May 15, 2026

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

I, Holger Weis, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Alaunos Therapeutics, 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: May 15, 2026

/s/ Holger Weis
Holger Weis
Chief Executive Officer and Director
Principal Executive Officer and
Principal Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Alaunos Therapeutics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dale Curtis Hogue, Jr.., Interim Chief Executive Officer and Director (and Principal Executive Officer and Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Holger Weis
Holger Weis
Chief Executive Officer and Director
Principal Executive Officer and
Principal Financial Officer