UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 2026

OR

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

For the transition period from _____ to

Commission File Number: 001-38130

Rein Therapeutics, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**13-4196017**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
12407 N. Mopac Expy. Suite 250 #390 Austin, TX	**78758**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (737) 802-1989

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value per share	RNTX	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 (§ 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, 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 November 12, 2026, the registrant had 86,267,032 shares of common stock, $0.001 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q of Rein Therapeutics, Inc. ("Rein," "we," "us," "our," or the "Company") contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements include, among other things, statements about:

- our plans to develop and commercialize LTI-03, including the potential benefits thereof;
- our expectations regarding our ability to fund our operating expenses, our planned activities, and capital expenditure requirements with our cash, cash equivalents and investments
- our Phase 2 clinical trial of LTI-03 and our ability to complete such clinical trial;
- our decision to further delay clinical development of LTI-01 for an undetermined period of time until additional funds are raised;
- our unproven approach to drug research and development in the area of fibrotic diseases, with a focus on Caveolin-1, or Cav1, related peptides, and our ability to develop marketable products;
- our future clinical trials for LTI-03, whether conducted by us or by any future collaborators, including our ability to enroll patients in our clinical trials, the timing of initiation of these trials and of the anticipated results;
- the success of our remediation efforts related to the material weaknesses identified in our internal controls over financial reporting;
- the timing of and our ability to obtain and maintain marketing approvals for LTI-03;
- the rate and degree of market acceptance and clinical utility of any products for which we receive marketing approval;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our intellectual property position and strategy, and our ability to obtain, maintain and enforce intellectual property rights for our platform and development candidates;
- our ability to identify additional product candidates with significant commercial potential;
- our plans to enter into collaborations for the development and commercialization of LTI-03, LTI-01 and any additional future product candidates;
- our reliance on third-party manufacturing and supply vendors and contract research organizations, or CROs;
- potential benefits of any future collaboration;
- developments relating to our competitors and our industry;
- the impact of general economic conditions, including inflation and the imposition of new or revised tariffs or other trade restrictions; and
- the impact of government laws and regulations.

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 our Annual Report on Form 10-K, or the Annual Report, filed with the SEC on March 26, 2026 and subsequently filed reports, particularly in the "Risk Factors" section, which could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, collaborations, joint ventures or investments that we may make or enter into.

You should read this Quarterly Report and the documents that we reference herein and have filed or incorporated by reference hereto completely and with the understanding that our actual future results may be materially different from what we expect. 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 law.

This Quarterly Report on Form 10-Q includes or incorporates by reference statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information.

Effective on January 10, 2025, we amended our Restated Certificate of Incorporation, as amended, to effect a change in our name from "Aileron Therapeutics, Inc." to "Rein Therapeutics, Inc." Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to "we," "us," "our" and the "Company" refer to Rein Therapeutics, Inc. and its wholly owned subsidiaries.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

REIN THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands, except share and per share data)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 943	$ 3,215
Short-term investments	34,550	—
Prepaid expenses and other current assets	1,292	1,111
Total current assets	36,785	4,326
Goodwill	6,330	6,330
Intangible assets	13,500	13,500
Long-term investments	994	—
Other non-current assets	1,821	2
Total assets	$ 59,430	$ 24,158
Liabilities, Convertible Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,199	$ 3,976
Accrued expenses and other current liabilities	2,399	2,204
Total current liabilities	5,598	6,180
Deferred tax liability	1,060	1,060
Total liabilities	6,658	7,240
Commitments and contingencies (Note 13)		
Convertible preferred stock, $0.001 par value, 5,000,000 shares authorized at September 30, 2026 and at December 31, 2025; 24,610 shares issued and 12,232 shares outstanding at September 30, 2026 and at December 31, 2025	45,005	45,005
Stockholders' equity:		
Common stock, $0.001 par value; 200,000,000 shares and 100,000,000 authorized at September 30, 2026 and at December 31, 2025, respectively; 86,267,032 shares and 27,550,222 shares issued and outstanding at September 30, 2026 and at December 31, 2025, respectively	172	113
Additional paid-in capital	426,731	373,133
Accumulated other comprehensive loss	(115)	(62)
Accumulated deficit	(419,021)	(401,271)
Total liabilities, convertible preferred stock and stockholders' equity	$ 59,430	$ 24,158

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

REIN THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ —	$ —	$ —	$ —
Operating expenses:				
Research and development	4,375	1,681	11,086	9,028
General and administrative	2,624	3,811	7,219	8,944
Total operating expenses	6,999	5,492	18,305	17,972
Loss from operations	(6,999)	(5,492)	(18,305)	(17,972)
Other (expense) income, net	1,462	(89)	555	68
Net loss	$ (5,537)	$ (5,581)	$ (17,750)	$ (17,904)
Net loss per share—basic and diluted	$ (0.06)	$ (0.21)	$ (0.29)	$ (0.74)
Weighted average common shares outstanding—basic and diluted	88,325,917	26,361,386	62,134,091	24,171,173
Comprehensive loss:				
Net loss	$ (5,537)	$ (5,581)	$ (17,750)	$ (17,904)
Other comprehensive loss:				
Unrealized (loss) gain on investments, net of tax of $0	(45)	—	(57)	(33)
Foreign currency translation adjustments	(1)	—	4	7
Total other comprehensive loss	(46)	—	(53)	(26)
Total comprehensive loss	$ (5,583)	$ (5,581)	$ (17,803)	$ (17,930)

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

REIN THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(UNAUDITED)

(In thousands, except share data)

	Series X Non-Voting Convertible Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Convertible Preferred Stock and Stockholders' Equity
Balances at December 31, 2025	12,232	$ 45,005	27,550,222	$ 113	$ 373,133	$ (62)	$ (401,271)	$ 16,918
Issuance of common stock, net of offering costs	—	—	488,810	1	354	—	—	355
Stock-based compensation expense	—	—	—	—	156	—	—	156
Net loss	—	—	—	—	—	—	(5,838)	(5,838)
Balances at March 31, 2026	12,232	$ 45,005	28,039,032	$ 114	$ 373,643	$ (62)	$ (407,109)	$ 11,591
Issuance of common stock, net of offering costs	—	—	57,728,000	58	49,773	—	—	49,831
Stock-based compensation expense	—	—	—	—	164	—	—	164
Unrealized loss on investments	—	—	—	—	—	(12)	—	(12)
Foreign currency translation adjustments	—	—	—	—	—	5	—	5
Net loss	—	—	—	—	—	—	(6,375)	(6,375)
Balances at June 30, 2026	12,232	$ 45,005	85,767,032	$ 172	$ 423,580	$ (69)	$ (413,484)	$ 55,204
Stock-based compensation expense	—	—	500,000	—	534	—	—	534
Reclassification of warrant liabilities to equity	—	—	—	—	2,617	—	—	2,617
Unrealized loss on investments	—	—	—	—	—	(45)	—	(45)
Foreign currency translation adjustments	—	—	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	—	—	(5,537)	(5,537)
Balances at September 30, 2026	12,232	$ 45,005	86,267,032	$ 172	$ 426,731	$ (115)	$ (419,021)	$ 52,772
Balances at December 31, 2024	12,232	$ 45,005	21,666,012	$ 108	$ 360,697	$ (18)	$ (351,400)	$ 54,392
Issuance of common stock, net of offering costs	—	—	317,772	—	738	—	—	738
Stock-based compensation expense	—	—	—	—	264	—	—	264
Exercise of stock options	—	—	21,533	—	—	—	—	—
Unrealized loss on investments	—	—	—	—	—	(45)	—	(45)
Foreign currency translation adjustments	—	—	—	—	—	31	—	31
Net loss	—	—	—	—	—	—	(5,501)	(5,501)
Balances at March 31, 2025	12,232	$ 45,005	22,005,317	$ 108	$ 361,699	$ (32)	$ (356,901)	$ 49,879
Issuance of common stock, net of offering costs	—	—	16,127		33	—	—	33
Issuance of warrants	—	—	—	—	481	—	—	481
Stock-based compensation expense	—	—	—	—	256	—	—	256
Issuance of common stock in connection with warrant exercises	—	—	1,035,758	1	1,594	—	—	1,595
Warrant exchanges	—	—	—	—	2,984	—	—	2,984
Common Stock to be Issued upon exercises of warrants	—	—	—	22	—	—	—	22
Exercise of stock options	—	—	(11,081)	—	1	—	—	1
Common stock issuance cost	—	—	—	—	(404)	—	—	(404)
Unrealized gain on investments	—	—	—	—	—	12	—	12
Foreign currency translation adjustments	—	—	—	—	—	(24)	—	(24)
Net loss	—	—	—	—	—	—	(6,822)	(6,822)
Balances at June 30, 2025	12,232	$ 45,005	23,046,121	$ 131	$ 366,644	$ (44)	$ (363,723)	$ 48,013
Issuance of common stock for Pre-Paid Advances	—	—	1,880,872	2	2,009	—	—	2,011
Issuance of common stock for commitment fee	—	—	213,099	—	300	—	—	300
Stock-based compensation expense	—	—	—	—	1,447	—	—	1,447
Common Stock to be Issued upon exercises of warrants	—	—	—	(22)	22	—	—	—
Net loss	—	—	—	—	—	—	(5,581)	(5,581)
Balances at September 30, 2025	12,232	$ 45,005	25,140,092	$ 111	$ 370,422	$ (44)	$ (369,304)	$ 46,190

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

REIN THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (17,750)	$ (17,904)
Adjustments to reconcile net loss to net cash used in operating activities:		
Commitment fee related to Pre-Paid Advance agreement	—	300
Original issue discount related to Pre-Paid Advance agreement	—	100
Depreciation and amortization expense	—	1
Net amortization of discount on notes payable	1,075	—
Non-cash warrant issuance cost	423	—
Changes in fair value of warrant liabilities	(1,076)	—
Accretion of discount on investments	(186)	—
Stock-based compensation expense	854	1,967
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(181)	(334)
Other assets	(1,819)	—
Accounts payable	(869)	3,212
Accrued expenses and other current liabilities	195	(3,206)
Other long-term liabilities	—	(277)
Net cash used in operating activities	(19,334)	(16,141)
Cash flows from investing activities:		
Purchases of short-term investments	(35,407)	—
Purchases of long-term investments	(994)	—
Proceeds from sales or maturities of investments	999	—
Net cash used in investing activities	(35,402)	—
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of offering costs	53,544	2,267
Proceeds from notes payable	4,300	—
Repayment of notes payable	(5,375)	—
Proceeds from issuance of common stock in connection with stock option exercises	—	1
Proceeds from issuance of common stock in connection with warrant exercises	—	1,595
Proceeds from issuance of warrants, net of offering costs	—	481
Proceeds from warrant exchanges, net of offering costs	—	2,984
Proceeds from warrant exercises with common stock subscribed	—	22
Net cash provided by financing activities	52,469	7,350
Effect of exchange rate changes on cash and cash equivalents	(5)	(26)
Net increase (decrease) in cash and cash equivalents	(2,272)	(8,817)
Cash and cash equivalents at beginning of period	3,215	12,865
Cash and cash equivalents at end of period	$ 943	$ 4,048
Supplemental disclosure of non-cash investing and financing activities:		
Unrealized loss on investments	$ (13)	$ (33)
Foreign currency translation adjustments	$ 5	$ 8
Issuance of common stock for Pre-Paid Advances	$ —	$ 2,011
Initial recognition of warrant liability	$ 3,693	$ —
Allocate net value of warrants issued in connection with the May 2026 Offering	$ (3,263)	$ —
Warrant liability reclassified to equity	$ (2,617)	$ —

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

1. Nature of the Business

Rein Therapeutics, Inc. ("Company") is a Delaware corporation formed in August 2001 under the name Renegade Therapeutics, Inc. In February 2007, the Company changed its name to Aileron Therapeutics, Inc. and in January 2025 changed its name to Rein Therapeutics, Inc. The Company is a clinical stage biopharmaceutical company focused on developing novel therapies for the treatment of fibrosis indications with no approved or limited effective treatments. The Company currently has one product candidate in clinical development, LTI-03.

The Company is a clinical-stage biotechnology company subject to significant risks and uncertainties, including the need for substantial additional financing, reliance on third parties, clinical trial risks, dependence on key personnel, protection of proprietary technology, and compliance with regulatory requirements. Its lead product candidate, LTI-03, is being developed for the treatment of idiopathic pulmonary fibrosis (IPF) and has completed Phase 1a and Phase 1b clinical trials; the Company is currently conducting the Phase 2 RENEW trial, a multi-center, randomized, double-blind, placebo-controlled study expected to enroll approximately 120 patients across multiple global sites, with interim data anticipated in the fourth quarter of 2026. The Company initiated patient screening in May 2025, received regulatory clearances in Europe and the United Kingdom, and dosed its first patient in March 2026. The Company's second product candidate, LTI-01, previously in development for loculated pleural effusion, has been paused indefinitely as the Company prioritizes resources toward LTI-03, and the timing of any potential resumption remains uncertain and dependent on additional financing and the success of LTI-03.

Liquidity

In May 2026, the Company completed an underwritten public offering of 57,500,000 shares of its common stock at a public offering price of $1.00 per share, or the May 2026 Offering. Aggregate gross proceeds from the May 2026 Offering were $57,500, and net proceeds to the Company were approximately $53,099 after deducting underwriting discounts, commissions, and offering expenses of approximately $4,401.

Management believes that, based on the Company's current operating plan, the Company's cash, cash equivalents and investments of $36,487 as of September 30, 2026 will be sufficient to enable the Company to fund its planned operating expense and capital expenditure requirements into the first quarter of 2028. The Company believes that the funds are sufficient to enable the Company to complete the Phase 2 RENEW clinical trial of LTI-03. The Company's estimate as to how long it expects its existing cash, cash equivalents and investments to be able to continue to fund its operations is based on assumptions that may prove to be wrong, and the Company could use its available capital resources sooner than it currently expects.

Since its inception, the Company has not generated any revenue from product sales and has never generated an operating profit. The Company has incurred significant losses on an aggregate basis. The Company's net losses were $17,750 and $17,904 for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, the Company had an accumulated deficit of $419,021. These losses have resulted primarily from costs incurred in connection with research and development activities, licensing and patent investment and general and administrative costs associated with the Company's operations. The Company expects to continue to incur operating losses for the foreseeable future. The Company expects to finance its operations primarily through utilization of its current financial resources and through the sale of additional equity or debt financings, collaborations, licensing arrangements or other sources.

The Company's future viability is dependent on its ability to raise additional capital, enter into a financing, consummate a successful acquisition, merger, business combination, or a sale of assets or other transaction. If the Company becomes unable to continue as a going concern, it may have to liquidate its assets and the values it receives for its assets in liquidation or dissolution could be significantly lower than the values reflected in its consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, or U.S. GAAP. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification, or ASC, and as amended by ASUs of the Financial Accounting Standards Board, or FASB.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Lung Therapeutics, LLC, Lung Therapeutics Australia Pty Ltd, and Lung Therapeutics Limited. Lung Therapeutics Limited is currently inactive. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the accrual for research and development expenses, the prepaid research and development expenses, valuation of intangibles and goodwill, the valuation of warrants, and the value of stock-based compensation. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Foreign Currency Transactions

The functional currency for the Company's wholly owned foreign subsidiary, Lung Therapeutics Australia Pty Ltd., is the United States dollar. Foreign currency gains and losses on intercompany balances are reported in other comprehensive loss and transactions denominated in currencies other than the United States dollar are remeasured into United States dollar and gains or losses are recognized in earnings.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements as of September 30, 2026 and for the three and nine months ended September 30, 2026 and 2025 have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission, or the SEC, for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report for the year ended December 31, 2025 that was filed with the SEC on March 26, 2026 (the "Annual Report").

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of September 30, 2026, the results of its operations for the three and nine months ended September 30, 2026 and 2025 and its cash flows for the nine months ended September 30, 2026 and 2025. The financial data and other information disclosed in these notes related to the three and nine months ended September 30, 2026 and 2025 are unaudited. The results for the nine months ended September 30, 2026 are not necessarily indicative of results to be expected for the year ending December 31, 2026, any other interim periods, or any future year or period. The accompanying balance sheet as of December 31, 2025 has been derived from the Company's audited consolidated financial statements for the year ended December 31, 2025 included in the Company's Annual Report.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with original maturities of 90 days or less at the acquisition date to be cash equivalents. The Company's cash equivalents are comprised of funds held in money market accounts and treasury bills account and are measured at fair value on a recurring basis.

Investments

Short-term and Long-term investments consist of U.S. government securities and certificates of deposit. The Company classifies its investments in securities as available-for-sale because, for accounting purposes, they are not considered to be either held-to-maturity securities or trading securities, as the sale of such securities may be required prior to maturity. They are not considered trading securities because they were not acquired with the intent of selling them within hours or days. The Company determines the appropriate classification of the investments at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The Company classifies investments as short-term if they are available for use in current operations and have maturities of less than one year. The Company classifies investments with remaining maturities of one year or longer as long-term. Investments are carried at fair value with the unrealized gains and losses included in accumulated other comprehensive loss as a component of stockholders' equity until realized. Realized gains and losses are determined using the specific identification method and are included in other expense, net. The Company regularly reviews its investments for declines in fair value below the amortized cost basis to determine whether the impairment, if any, is due to credit-related or other factors. This review includes the credit worthiness of the security issuers, the severity of the unrealized losses, whether the Company has the intent to sell the securities and whether it is more likely than not that the Company will be required to sell the securities before the recovery of the amortized cost basis. Unrealized gains and losses on available-for-sale debt securities are reported as a component of accumulated comprehensive loss, with the exception of unrealized losses believed to be related to credit losses, if any, which are recognized in earnings in the period the impairment occurs. Impairment assessments are made at the individual security level each reporting period. When the fair value of an available-for-sale

debt investment is less than its cost at the balance sheet date, a determination is made as to whether the impairment is related to a credit loss and, if it is, the portion of the impairment relating to credit loss is recorded as an allowance through net income. There were no impairments related to credit losses during any of the periods presented.

Fair value Measurements

Certain assets and liabilities are carried at fair value under GAAP. ASC 820, Fair Value Measurement, or ASC 820, establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable.

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company's cash equivalents consist of investments in U.S. government securities and money market funds stated at carrying value, which approximates fair value and is based on quoted prices in active markets for identical securities. The Company classifies its investments in U.S. government securities as level 1 assets as these assets have been valued based on quoted prices for identical instruments in active markets and certificates of deposit as Level 2 assets as these assets are not traded in an active market and have been valued through a third-party pricing service based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-driven valuations whose inputs are observable or whose significant value drivers are observable.

The Company's other significant accounting policies are described in Note 2 to the consolidated financial statements included in the Annual Report.

Accounting Pronouncements Not Yet Adopted

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*. The amendments include technical corrections, clarifications, and minor improvements to various Topics within the FASB ASC. The ASU is effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods, with early adoption permitted. Adoption of this guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*. The amendments clarify the application of interim reporting guidance, including when Topic 270 applies, and improve the consistency and usefulness of interim disclosures. The amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, for public business entities and for interim reporting periods within annual reporting periods beginning after December 15, 2028, for entities other than public business entities. Early adoption is permitted for all entities. The Company is currently assessing the effect of this ASU on its condensed consolidated financial statements and related disclosures.

In January 2025, the FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, to clarify the effective date of ASU 2024-03, Income Statement—Reporting Comprehensive Income: Disaggregation of Income Statement Expenses. FASB clarified that all public business entities should initially adopt the disclosure requirements in the ASU 2024-03 in the first annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. The Company is currently assessing the effect of this ASU on its condensed consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income (Topic 220): Disaggregation of Income Statement Expenses*, to enhance the transparency and decision usefulness of financial information presented in the income statement by requiring disaggregated information about certain income statement expense line items. The amendments

apply to all public business entities. This ASU is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company is currently assessing the effect of this ASU on its condensed consolidated financial statements and related disclosures.

3. Fair Value of Financial Assets

The following tables present information about the Company's financial assets that are measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values as of September 30, 2026 and December 31, 2025:

	September 30, 2026			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Money market funds	$ 793	$ —	$ —	$ 793
Certificates of deposit	—	4,487	—	4,487
U.S. government securities	31,057	—	—	31,057
	$ 31,850	$ 4,487	$ —	$ 36,337

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Money market funds	$ 3,130	$ —	$ —	$ 3,130
U.S. government securities	4	—	—	4
	$ 3,134	$ —	$ —	$ 3,134

During the nine months ended September 30, 2026 and the year ended December 31, 2025, there were no transfers between levels.

4. Investments

There were no short term investments or long term investments as of December 31, 2025. Short term investments and long term investments, which are classified as available-for-sale securities, consisted of the following as of September 30, 2026:

	September 30, 2026			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
Certificates of deposit	4,496	1	(10)	4,487
U.S. government securities	31,105	2	(50)	31,057
	$ 35,601	$ 3	$ (60)	$ 35,544

All investments classified as available-for-sale securities held as of September 30, 2026 had contractual maturities of less than two years. There have been no material realized gains or losses on investments classified as available-for-sale securities for the periods presented. Unrealized losses on investments classified as available-for-sale as of September 30, 2026, were not significant and were primarily due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with specific securities. As a result, the Company did not record any charges for credit-related impairments for its marketable securities during the three and nine months ended September 30, 2026.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	September 30, 2026	December 31, 2025
Prepaid research and development	$ 59	$ 230
Other current assets	1,233	881
Total prepaid expenses and other current assets	$ 1,292	$ 1,111

6. Goodwill and Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets and goodwill are tested for impairment at least annually. The assessment of recoverability and impairment was performed at the individual indefinite-lived intangible asset level. The Company did not incur impairment loss on indefinite-lived intangible assets or goodwill during the three months or nine months ended September 30, 2026. The Company incurred an impairment loss on indefinite-lived intangible assets of $28,700 for the year ended December 31, 2025 due to the delay in further

clinical development of LTI-01 and other preclinical programs until additional funds are raised. In the fourth quarter of 2025, the Company decided to pause development activities related to LTI-01 for an indefinite period and focus on the development of LTI-03. Therefore, the Company wrote off the total carrying value of the LTI-01 asset and other preclinical programs as of December 31, 2025.

7. Other Assets

Other assets consisted of the following:

	September 30, 2026	December 31, 2025
Non-current prepaid research and development	$ 1,821	$ —
Other assets	—	2
Total other non-current assets	$ 1,821	$ 2

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	September 30, 2026	December 31, 2025
External research and development services	$ 1,196	$ 765
Payroll and payroll-related costs	746	940
Professional fees	350	401
Other	107	98
Total accrued expenses and other current liabilities	$ 2,399	$ 2,204

9. Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock, par value $0.001 per share. As of September 30, 2026 and December 31, 2025, the Company had issued 24,610 shares of Series X Preferred Stock, of which 12,232 shares of Series X Preferred Stock remain outstanding.

At the 2023 annual meeting of stockholders, or the 2023 Annual Meeting, the Company's stockholders approved the issuance, in accordance with Nasdaq Listing Rule 5635(a), of shares of common stock, upon conversion of the Company's outstanding Series X Preferred Stock. On March 5, 2024, based upon then existing beneficial ownership limitations, 11,957 shares of Series X Preferred Stock were automatically converted into 11,957,000 shares of common stock. On May 8, 2024, the Bios Entities (as defined below) provided notice to the Company and converted 421 shares of Series X Preferred Stock held by them into 421,000 shares of common stock. As of September 30, 2026 and December 31, 2025, 12,232 shares of Series X Preferred Stock (which are convertible into 12,232,000 shares of common stock) remain convertible at the option of the holder thereof, subject to certain beneficial ownership limitations (as described below).

The Company evaluated the Series X Preferred Stock for liability classification in accordance with the provisions of ASC 480, *Distinguishing Liabilities from Equity*, or ASC 480, and determined that equity treatment was appropriate because the Series X Preferred Stock did not meet the definition of the liability instruments. Specifically, the Series X Preferred Stock is not mandatorily redeemable and does not embody an obligation to buy back the shares outside of the Company's control in a manner that could require the transfer of assets. The Company determined that the Series X Preferred Stock would be recorded as temporary equity, based on the guidance of ASC 480, given that it is contingently redeemable.

Each share of Series X Preferred Stock is convertible into 1,000 shares of Common Stock. The preferences, rights, and limitations initially applicable to the Series X Preferred Stock are set forth in the Certificate of Designation of Series X Non-Voting Convertible Preferred Stock, or the Certificate of Designation.

The Series X Preferred Stock has the following characteristics:

Voting

Except as otherwise required by law, the Series X Preferred Stock does not have voting rights. However, as long as any shares of Series X Preferred Stock are outstanding, the Company will not, without the affirmative vote of the holders of a majority of the then outstanding shares of the Series X Preferred Stock, (i) alter or change adversely the powers, preferences or rights given to the Series X Preferred Stock or alter or amend the Certificate of Designation, amend or repeal any provision of, or add any provision to, the Certificate of Incorporation or by-laws of the Company, or file any articles of amendment, certificate of designations, preferences, limitations and relative rights of any series of preferred stock, if such action would adversely alter or change the preferences, rights, privileges or powers of, or restrictions provided for the benefit of the Series X Preferred Stock, (ii) issue further shares of Series X Preferred Stock or increase

or decrease (other than by conversion) the number of authorized shares of Series X Preferred Stock, or (iii) enter into any agreement with respect to any of the foregoing.

Dividends

Holders of Series X Preferred Stock are entitled to receive dividends on shares of Series X Preferred Stock equal, on an as-if-converted-to-common-stock basis, and in the same form as dividends actually paid on shares of the common stock. Such dividends are not cumulative. Since the Company's inception, no dividends have been declared or paid.

Liquidation, dissolution or winding up

The Series X Preferred Stock does not have a preference upon any liquidation, dissolution or winding-up of the Company.

Upon liquidation, dissolution or winding up of the Company, the Series X preferred stockholders shall be entitled to receive an equivalent amount of distributions as would be paid on the common stock underlying the Series X Preferred Stock, determined on an as-converted basis, pari passu with any distributions to the common stock shareholders.

Conversion

The Series X Preferred Stock is convertible into common stock at a rate of 1,000 shares of common stock for every one share of Series X Preferred Stock that is converted. The Series X Preferred Stock is subject to certain beneficial ownership limitations, including that a holder of Series X Preferred Stock is prohibited from converting shares of Series X Preferred Stock into shares of common stock if, as a result of such conversion, such holder (together with its affiliates and any other persons acting as a group together with the holder or any of its affiliates) would beneficially own more than a specified percentage (to be initially set at 19.99% and thereafter adjusted by the holder to a number not to exceed 19.99%) of the total number of shares of common stock issued and outstanding immediately after giving effect to such conversion.

Redemption

Shares of the Series X Preferred Stock are not redeemable at the election of the holder.

Maturity

The Series X Preferred Stock shall be perpetual unless converted.

10. Common Stock

As of December 31, 2025, the Company was authorized to issue 100,000,000 shares of common stock, par value $0.001 per share. On July 29, 2026, an amendment to the Company's Restated Certificate of Incorporation became effective, increasing the number of authorized shares of common stock from 100,000,000 shares to 200,000,000 shares. As of September 30, 2026, the Company was authorized to issue 200,000,000 shares of common stock, par value $0.001 per share.

On May 4, 2026, the Company completed an underwritten public offering of 50,000,000 shares of its common stock at a public offering price of $1.00 per share. In connection with the offering, the Company granted the underwriters a 45-day option to purchase up to an additional 7,500,000 shares of its common stock at the public offering price, less underwriting discounts and commissions, which was fully exercised on May 5, 2026. The Company refers to these transactions collectively as the May 2026 Offering. Aggregate gross proceeds from the May 2026 Offering were $57,500, and net proceeds to the Company were approximately $53,099 after deducting underwriting discounts, commissions, and offering expenses of approximately $4,401.

As of September 30, 2026 and December 31, 2025, the Company had 86,267,032 and 27,550,222 shares of common stock issued and outstanding, respectively.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's Board, if any. As of September 30, 2026, no dividends had been declared.

In the event of liquidation or dissolution, the holders of the common stock are entitled to receive proportionately all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Issuance of Common Stock and Warrants

Konik Warrants and Bios Warrants

On April 30, 2026, the Company entered into an underwriting agreement with Konik Capital Partners, LLC ("Konik"), a division of T.R. Winston & Company, LLC, acting as sole book-running manager, relating to the May 2026 Offering. In connection with the May 2026 Offering, the Company issued to the underwriter or its designees warrants to purchase shares of the Company's common stock equal to 3% of the shares of common stock sold in the offering, including shares sold pursuant to the exercise of the over-allotment

option, if any (the "Konik Warrants"). The Konik Warrants include warrants to purchase 1,500,000 shares of common stock issued in connection with the base offering and warrants to purchase up to 225,000 additional shares of common stock related to the underwriter's over-allotment option. The Konik Warrants have an exercise price of $1.50 per share, are exercisable beginning October 27, 2026, and expire on April 30, 2031. The Konik Warrants are subject to a 180-day lock-up period pursuant to FINRA Rule 5110(e).

On April 30, 2026, the Company entered into a letter agreement with Bios Partners, L.P., on behalf of certain Bios entities holding securities of the Company. Pursuant to the letter agreement, the Bios entities agreed to defer the conversion of 12,232 shares of the Company's Series X Non-Voting Convertible Preferred Stock held by the Bios entities and waived the Company's obligation under the Certificate of Designation of Series X Non-Voting Convertible Preferred Stock to reserve the shares of common stock issuable upon conversion of such preferred shares until the Company amended its Restated Certificate of Incorporation to increase its authorized common stock, which amendment became effective on July 29, 2026. In addition, subject to certain exceptions, the Bios entities agreed not to sell, transfer or otherwise dispose of, directly or indirectly, any Series X Non-Voting Convertible Preferred Stock or the underlying shares of common stock for a period ending April 30, 2029.

In consideration for the agreements and waivers of the Bios entities, the Company issued warrants to the Bios entities to purchase an aggregate of 3,000,000 shares of the Company's common stock at an exercise price of $1.00 per share (the "Bios Warrants," and together with the Konik Warrants, the "2026 Warrants"). The Bios Warrants are on substantially the same terms as the Konik Warrants, except for the exercise price which is $1.00 per share for Bios Warrants.

The 2026 Warrants are exercisable for cash. If, after the initial exercise date, there is no effective registration statement registering the warrant shares, or the prospectus contained therein is not available for the resale of the warrant shares by the holder, the holder may exercise the 2026 Warrants on a cashless basis. A holder of the 2026 Warrants may not exercise any portion of such warrant to the extent that, after giving effect to such exercise, the holder, together with its affiliates and any other persons acting as a group, would beneficially own more than 9.99% of the Company's outstanding common stock immediately after exercise.

The 2026 Warrants include customary adjustment provisions for stock dividends, stock splits, combinations, reclassifications and certain other events. Upon a fundamental transaction, the holders of the 2026 Warrants are entitled, upon subsequent exercise, to receive the same type or form of consideration receivable by holders of the Company's common stock for the shares underlying the warrants. The 2026 Warrants do not provide the holders with a stated right to require the Company to redeem the warrants for cash at a Black-Scholes value upon a fundamental transaction.

Accounting for the 2026 Warrants

The Company evaluated the 2026 Warrants in accordance with ASC 480, *Distinguishing Liabilities from Equity*, and ASC 815, *Derivatives and Hedging* and determined that the 2026 Warrants are not precluded from equity classification. However, because the Company did not have a sufficient number of authorized and unissued shares of common stock available to settle all of its commitments to issue shares at the time the 2026 Warrants were issued, the 2026 Warrants did not meet all of the conditions for equity classification under ASC 815-40. Accordingly, the Company classified the 2026 Warrants as liabilities at issuance. On July 29, 2026, the amendment to the Company's Restated Certificate of Incorporation increasing the number of authorized shares of common stock to 200,000,000 became effective, and the Company then had a sufficient number of authorized and unissued shares of common stock available to settle all of its commitments to issue shares. As a result, the 2026 Warrants met all of the conditions for equity classification as of that date and were reclassified to equity.

The 2026 Warrants were initially recognized at fair value on the issuance date and were remeasured to fair value at each reporting date through July 29, 2026, with changes in fair value recognized in the statements of operations and comprehensive loss. On July 29, 2026, the Company remeasured the 2026 Warrants to fair value and reclassified the resulting fair value of $2,617 of the 2026 Warrant liabilities to additional paid-in capital. Following the reclassification, the 2026 Warrants are classified as equity and are not subject to subsequent remeasurement.

The Company allocated the proceeds from the offering first to the 2026 Warrants based on their fair value, with the residual proceeds allocated to the common stock issued in the offering. Issuance costs allocated to the 2026 Warrant liabilities were expensed as incurred. Issuance costs allocated to the common stock were recorded as a reduction to additional paid-in capital.

The fair value of the 2026 Warrant liabilities was determined using a Black-Scholes option-pricing model. The following assumptions were used to estimate the fair value of the 2026 Warrants at issuance and as of July 29, 2026, the date the 2026 Warrants were reclassified to equity:

	July 29, 2026	May 5, 2026
Risk-free interest rate	4.4%	4.1%
Expected term (in years)	5.0	5.0
Expected volatility	106.0%	104.3%
Expected dividend yield	0%	0%
Common stock price	$ 0.76	$ 1.02
Exercise price — Konik Warrants	$ 1.50	$ 1.50
Exercise price — Bios Warrants	$ 1.00	$ 1.00

The fair value measurement of the 2026 Warrant liabilities was classified as Level 3 within the fair value hierarchy because it is based on significant inputs not observable in the market. The following table provides a rollforward of the Level 3 fair value measurement of the 2026 Warrant liabilities through the July 29, 2026 reclassification to equity:

	Amount
Balance at December 31, 2025	$ —
Issuance of 2026 Warrant liabilities	3,693
Change in fair value of 2026 Warrant liabilities	8
Balance at June 30, 2026	$ 3,701
Change in fair value of 2026 Warrant liabilities	(1,084)
Reclassification of 2026 Warrant liabilities to equity	(2,617)
Balance at September 30, 2026	$ -

For the three and nine months ended September 30, 2026, the Company recognized a gain of $1,084 and $1,076, respectively, related to the change in fair value of the 2026 Warrant liabilities through July 29, 2026, which is included in other income (expense), net in the accompanying condensed consolidated statements of operations and comprehensive loss.

The shares underlying the 2026 Warrants are not considered outstanding for purposes of basic net loss per share prior to exercise. The shares underlying the 2026 Warrants were excluded from the calculation of diluted net loss per share for the three and nine months ended September 30, 2026, because their effect would have been anti-dilutive.

Wainwright Sales Agreement

On May 15, 2025, the Company entered into the Wainwright Sales Agreement with H.C. Wainwright, as agent and/or principal, pursuant to which the Company could offer and sell shares of its common stock having an aggregate offering price of up to $13,702 from time to time through or to H.C. Wainwright by any method permitted that is deemed to be an "at the market offering" as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended. As of September 30, 2026, the Company had issued and sold 1,296,777 shares of common stock pursuant to the Wainwright Sales Agreement for total net proceeds of $1,844, after deducting transaction fees of $67 paid by the Company. In July 2025, in connection with the Yorkville Transactions, the Company reduced the aggregate offering price of the shares of common stock that could be offered and sold under the Wainwright Sales Agreement to $8,067.

Warrant Exercises and Exchanges

On April 21, 2025, the Company entered into privately negotiated letter agreements with certain holders of its outstanding warrants issued on November 2, 2023, or the PIPE Warrants, and May 1, 2024, or the Offering Warrants. Pursuant to these agreements, certain holders agreed to exercise the PIPE Warrants for an aggregate of 159,500 shares of the Company's common stock and the Offering Warrants for an aggregate of 884,798 shares of common stock, at a reduced exercise price of $1.60 per share. The original exercise prices were $4.89 per share for the PIPE Warrants and $4.68 per share for the Offering Warrants. The exercise of the PIPE Warrants was completed on April 24, 2025, and the exercise of the Offering Warrants was completed in May 2025 (collectively, the "Warrant Exercises"). The Company received total net proceeds of $1,595 from the Warrant Exercises.

Separately, in April 2025, the Company entered into agreements with additional holders of the PIPE Warrants who agreed to surrender warrants representing an aggregate of 1,939,000 shares of common stock for cancellation. In exchange, these holders received pre-funded warrants (the "Exchange Pre-Funded Warrants") exercisable for the same number of shares at an exercise price of $0.001 per share and paid $1.599 per share in cash by April 24, 2025 (the "Warrant Exchanges"). The Company received total net proceeds of $2,984 from the Warrant Exchanges.

As part of the Warrant Exchanges, entities affiliated with Bios Equity Partners, LP ("Bios Partners") surrendered PIPE Warrants representing an aggregate of 1,300,500 shares and provided the associated cash consideration of $2,079 for the issuance of Exchange Pre-Funded Warrants.

In addition, on April 21, 2025, an entity affiliated with Bios Partners agreed to purchase additional pre-funded warrants to acquire 312,695 shares of the Company's common stock in a private placement at a price of $1.599 per share, resulting in total net proceeds of

$481 (the "Bios Pre-Funded Warrants"). The Exchange Pre-Funded Warrants and the Bios Pre-Funded Warrants are collectively referred to as the "Pre-Funded Warrants."

The Company assessed the Pre-Funded Warrants for appropriate classification under U.S. GAAP and determined that they are freestanding instruments that do not meet the definition of a liability pursuant to ASC 480 and do not meet the definition of a derivative pursuant to ASC 815, Derivatives and Hedging. The Pre-Funded Warrants are indexed to the Company's common stock and meet all other conditions for equity classification under ASC 480 and ASC 815. Accordingly, the Pre-Funded Warrants are classified as equity and accounted for as a component of additional paid-in capital at the time of issuance. The Pre-Funded Warrants were initially recognized at their fair value, calculated as the fair value of the underlying common stock less the exercise price of $0.001 per share. The fair value of the common stock was determined based on the quoted market price of the Company's common stock as of the issuance date. The Pre-Funded Warrants will not be remeasured subsequent to initial recognition.

The repricing of the PIPE Warrants and the Offering Warrants and issuance of the Exchange Pre-Funded Warrants is considered a modification under the guidance of ASU 2021-04. The modification is consistent with the "Equity Issuance" classification under that guidance as the reason for the modification was to induce the holder to cash exercise their warrants, resulting in the imminent exercise of the PIPE Warrants and the Offering Warrants, which raised equity capital and generated net proceeds for the Company of approximately $4,601. The total fair value of the consideration of the modification includes the incremental fair value of the PIPE Warrants and the Offering Warrants (determined by comparing the fair values immediately prior to and immediately after the modification) and the initial fair value of the PIPE Warrants and the Offering Warrants. The fair values of the PIPE Warrants and the Offering Warrants were calculated using the Black-Scholes model. The Company determined that the total fair value of the consideration related to the modification of PIPE Warrants and the Offering Warrants, including the initial fair value of the Exchange Pre-Funded Warrants was $4,757. The net effect of the modification in the amount of $490, as well as the value of the replaced PIPE warrants of $1,385 and the fair value of the Exchange Pre-Funded Warrants of $5,652 were recorded in additional paid-in capital, as both the original warrants (the PIPE Warrants and the Offering Warrants) and the replacement instruments (the Exchange Pre-Funded Warrants) are equity-classified.

The Offering Warrants

In May 2024, the Company completed the Offering pursuant to which the Company issued and sold 4,273,505 shares of the Company's common stock and accompanying Offering Warrants to purchase 4,273,505 shares of common stock. Net proceeds from the Offering were approximately $17,675, after deducting underwriting discounts and commissions and offering expenses, and excluding any proceeds that may be received from exercise of the Offering Warrants. The Offering closed on May 3, 2024.

The Company had assessed the Offering Warrants for appropriate equity or liability classification and determined the Offering Warrants are freestanding instruments that do not meet the definition of a liability pursuant to ASC 480 and do not meet the definition of a derivative pursuant to ASC 815. The Offering Warrants are indexed to the Company's common stock and meet all other conditions for equity classification under ASC 480 and ASC 815. Accordingly, the Offering Warrants are classified as equity and accounted for as a component of additional paid-in capital at the time of issuance. The Offering Warrants were initially recognized at their relative fair value in the amount of $8.0 million at the time of issuance determined using Black-Scholes option-pricing model and are not remeasured.

The Offering Warrants to purchase 884,798 shares of common stock were exercised in April 2025 as part of April 2025 Transactions. As of September 30, 2026 and December 31, 2025, Offering Warrants to purchase 3,388,707 shares of common stock remained outstanding.

Prepaid Purchase Agreement

On July 29, 2025, the Company entered into a PPA with Yorkville, pursuant to which the Company may request pre-paid advances of up to $6,000 from Yorkville over a 12-month period, subject to certain limitations and conditions set forth in the PPA. Each Pre-Paid Advance is subject to the consent of Yorkville. Interest shall accrue on the outstanding balance of any Pre-Paid Advance at an annual rate of 8%, subject to an increase to 18% upon events of default described in the PPA. All Pre-Paid Advances are due and payable on the 12-month anniversary of their issuance. At any time that there is an outstanding balance under any Pre-Paid Advances, Yorkville may provide written notice, or Purchase Notice, requiring the Company to issue and sell shares of its common stock to Yorkville, which shall be offset against and reduce the amounts outstanding under the Pre-Paid Advance. The initial advance under the PPA of $1,000 was purchased on July 29, 2025, with net proceeds of $950 after a 5% original issue discount, or OID. On September 8, 2025, the Company entered into a second PPA with Yorkville for an additional $1,000 advance, with net proceeds of $950 after the 5% OID. On October 23, 2025, the Company entered into a third PPA with Yorkville for an additional $1,000 advance, with net proceeds of $950 after the 5% OID.

The Company elected the fair value option under ASC 825, Financial Instruments, or ASC 825, to measure the PPAs at fair value, with changes in fair value recognized in earnings. The initial fair value was determined to be equal to the net proceeds received ($950 per PPA), as this amount represented the cash consideration exchanged, consistent with ASC 825. OID costs of $100 related to the first

and second PPA were expensed as incurred in the third quarter of 2025, as required under the fair value option. Additionally, the Company incurred legal costs of $118 which were expensed in the consolidated statements of operations and other comprehensive loss.

Under the terms of the PPAs, the Company issued shares of common stock to Yorkville in satisfaction of the advances. The number of shares issued was determined based on the applicable purchase price per share equal to the lower of (a) 115% of the daily volume weighted average price, or the VWAP, of the Company's common stock on the last full trading day immediately prior to the date of such Pre-Paid Advance and (b) 95% of the lowest daily VWAP of the Company's common stock during the seven consecutive trading days immediately preceding the date on which Yorkville provides the Purchase Notice to the Company, but in no event less than the floor price set forth in the PPA. The carrying value of the PPA and accrued interest were reduced by the issuance of the shares.

Under the terms of the PPAs, through September 24, 2025, the Company issued an aggregate of 1,880,872 shares of common stock to Yorkville (953,765 shares under the first PPA through September 9, 2025, and 927,107 shares under the second PPA), based on the principal of $2,000 from the PPA and $11 of interest expense. The shares were recorded at par value of $0.001 per share with the remainder credited to additional paid-in capital, or APIC.

On October 23, 2025, Yorkville purchased a third PPA of $1,000, for which the Company received net proceeds of $950. The third PPA was converted to 846,290 shares of the Company's common stock in October 2025, with no remaining outstanding balance. The shares were recorded at par value of $0.001 per share with the remainder credited to APIC.

The initial, the second and the third PPAs were fully settled as of December 31, 2025, with no remaining outstanding balance. Accordingly, the fair value of the liabilities at September 30, 2026 and December 31, 2025, was $0, and no adjustment for changes in fair value was required.

On December 11, 2025, the Company terminated the PPA.

As of September 30, 2026, there were:

- 12,232,000 shares of common stock issuable upon conversion of the Series X Preferred Stock;
- 3,283,254 shares of common stock issuable upon the exercise of options under existing equity incentive plans;
- 1,362,194 and 7,500 shares of common stock reserved for issuance under the 2021 Plan (Note 11) and 2017 ESPP (Note 11), respectively, as well as any automatic increases in the number of shares of the common stock reserved under these plans; and
- 11,346,839 shares of common stock reserved for issuance upon exercise of outstanding warrants. The warrants consist of (i) warrants to purchase 726,437 shares of the Company's common stock, with an exercise price of $5.66, which expire on May 20, 2029, which were assumed in connection with the Lung Acquisition, (ii) warrants to purchase 255,000 shares of the Company's common stock, with an exercise price of $4.89 per share, which were issued and sold in the PIPE Financing as described above and expire on May 2, 2027, (iii) warrants to purchase 3,388,707 shares of the Company's common stock, with an exercise price of $4.68 per share, which were issued and sold in the Offering as described above and expire on May 3, 2027, (iv) the Exchange Pre-Funded Warrants to purchase 1,939,000 shares of the Company's common stock, with an exercise price of $0.001 per share, which were issued and sold in the Warrant Exchanges as described above can be exercised at any time after their original issuance until such Exchange Pre-Funded Warrants are exercised in full, (v) the Bios Pre-Funded Warrants to purchase 312,695 shares of the Company's common stock, with an exercise price of $0.001 per share, which were issued and sold in April 2025 as described above and can be exercised at any time after their original issuance until such Bios Pre-Funded Warrants are exercised in full, (vi) the Konik Warrants to purchase 1,725,000 shares of the Company's common stock, with an exercise price of $1.50 per share, which were issued and sold in April 2026 as described above and can be exercised beginning October 27, 2026, and expire on April 30, 2031, and (vii) the Bios Warrants to purchase 3,000,000 shares of the Company's common stock, with an exercise price of $1.00 per share, which were issued and sold in April 2026 as described above and can be exercised beginning October 27, 2026, and expire on April 30, 2031.

Accordingly, as of September 30, 2026, there were 86,267,032 shares issued and outstanding and a total of 26,869,593 shares of common stock issuable upon conversion of the Series X and the exercise of outstanding options and warrants.

11. Stock-Based Awards

As of September 30, 2026, the Company had five equity compensation plans, each of which was approved by its stockholders: 2006 Equity Incentive Plan, as amended, or the 2006 Plan, 2016 Stock Incentive Plan, or the 2016 Plan, 2017 Stock Incentive Plan, or the 2017 Plan, 2021 Stock Incentive Plan, or the 2021 Plan, and 2017 Employee Stock Purchase Plan, or the 2017 ESPP. The Company also assumed Lung's 2013 Long-Term Incentive Plan, or the 2013 Plan, as a result of the Lung Acquisition.

As of September 30, 2026, the Company had no shares issuable upon exercise of outstanding options under the 2006 Plan; 1,208 shares to be issued upon exercise of outstanding options under the 2016 Plan, 39,010 shares to be issued upon exercise of outstanding

options under the 2017 Plan and 1,726,193 shares to be issued upon exercise of outstanding options under the 2021 Plan. No shares remained available for future awards under the 2006 Plan, the 2016 Plan, and the 2017 Plan as of September 30, 2026. Shares that are expired, terminated, surrendered or canceled without having been fully exercised under the 2017 Plan will be available for future awards under the 2021 Plan. In addition, shares of common stock that are tendered to the Company by a participant to exercise an award are added to the number of shares of common stock available for the grant of awards under the 2021 Plan.

Under the 2021 Plan, shares that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards. In addition, shares of common stock that are tendered to the Company by a participant to exercise an award are added to the number of shares of common stock available for the grant of awards.

The exercise price for stock options granted may not be less than the fair market value of the common stock as of the date of grant.

2021 Stock Incentive Plan

The Company's 2021 Plan was approved by the Company's stockholders on June 15, 2021 and became effective on June 16, 2021. At the 2023 Annual Meeting, the stockholders of the Company approved an amendment, or the Plan Amendment, to the 2021 Plan to increase the number of shares of common stock issuable under the 2021 Plan by 3,000,000 shares to 3,840,254. Other than increasing the number of shares issuable under the 2021 Plan, the Plan Amendment does not make any changes to the 2021 Plan.

Under the 2021 Plan, the Company may grant incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, awards of restricted stock units and other stock-based awards. The Company's employees, officers, directors, consultants and advisors are eligible to receive awards under the 2021 Plan; however, incentive stock options may only be granted to employees. The 2021 Plan is administered by the Board or, at the discretion of the Board, by a committee of the Board. The number of shares of common stock covered by options and the date those options become exercisable, type of options to be granted, exercise prices, vesting and other restrictions are determined at the discretion of the Board, or its committee if so delegated.

Stock options granted under the 2021 Plan with service-based vesting conditions generally vest over four years and may not have a duration in excess of ten years, although options have been granted with vesting terms of less than four years.

The total number of shares of common stock that may be issued under the 2021 Plan was 3,840,254 as of September 30, 2026, of which 1,362,194 shares remained available for grant. The Company initially reserved 625,000 shares of common stock, plus the number of shares of common stock subject to outstanding awards under the 2017 Plan, the 2016 Plan and the 2006 Plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right up to 314,006 shares. As of September 30, 2026, the Company had 1,726,193 shares to be issued upon exercise of outstanding options under the 2021 Plan.

2013 Stock Incentive Plan

The Company assumed the 2013 Plan as a result of the Lung Acquisition. In October 2013, Lung's Board of Directors, or the Lung Board, approved the 2013 Plan to provide long-term incentives for its employees, non-employee directors and certain consultants. As of September 30, 2026, 1,516,843 shares were reserved to be issued upon exercise of options outstanding under the 2013 Plan. These options were assumed by the Company in connection with the Lung Acquisition.

Before the Lung Acquisition, the 2013 Plan was administered by the Lung Board or, at the discretion of the Lung Board, by a committee of the Lung Board. The exercise prices, vesting and other restrictions were determined at the discretion of the Lung Board, or its committee if so delegated, except that the exercise price per share of stock options may not be less than 100% of the fair market value of the share of common stock on the date of grant and the term of stock option may not be greater than ten years. The vesting periods for equity awards were determined by the Lung Board, but generally were four years. The contractual term for stock option awards is ten years. Following the closing of the Lung Acquisition on October 31, 2023, no further awards can be granted under the 2013 Plan.

Stock Option Valuation

The assumptions that the Company used to determine the grant-date fair value of the stock options granted during the nine months ended September 30, 2026 and 2025 were as follows, presented on a weighted average basis:

	Nine Months Ended September 30,	
	2026	2025
Risk-free interest rate	4.1%	4.0%
Expected term (in years)	6.0	5.5
Expected volatility	105.3%	107.1%
Expected dividend rate	0%	0%

Stock Options

The following table summarizes the Company's stock option activity since January 1, 2026:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2026	3,143,997	$ 5.21	6.1	$ 158
Granted	472,000	1.12	—	—
Exercised	—	—	—	—
Forfeited/Canceled	(52,377)	2.00	—	—
Expired	(280,366)	26.05	—	—
Outstanding at September 30, 2026	3,283,254	$ 2.89	6.0	$ 36
Options exercisable at September 30, 2026	2,363,039	$ 3.28	5.0	$ 31
Options vested and expected to vest at September 30, 2026	3,253,697	$ 2.91	5.9	$ 36
Options exercisable at December 31, 2025	2,418,033	$ 6.00	5.4	$ 138
Options vested and expected to vest at December 31, 2025	3,120,459	$ 5.23	6.1	$ 157

There were 472,000 awards granted in the nine months ended September 30, 2026 and 87,500 awards granted in the nine months ended September 30, 2025. The weighted average grant-date fair value of stock options granted during the nine months ended September 30, 2026 was $0.97. The aggregate fair value of stock options that vested during the nine months ended September 30, 2026 and 2025, was $462 and $129, respectively. The aggregate fair value of stock options that vested during the three months ended September 30, 2026 and 2025, was $209 and $37, respectively.

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock. There were no stock options exercised during the nine months ended September 30, 2026. The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2025 was $18.

Restricted Stock Units

The Company has granted restricted stock units with service-based vesting conditions. Unvested shares of restricted common stock may not be sold or transferred by the holder.

In August 2025, the Company granted 1,000,000 restricted stock units that were immediately vested. In June 2026, the final unissued 228,000 of vested restricted stock units associated with the August 2025 grant were issued.

In August 2026, the Company granted 500,000 restricted stock units under the 2021 Stock Incentive Plan in exchange for consulting services that were immediately vested. The grant date fair value of the restricted stock units was $0.75 per share. The Company recognized the $0.4 million aggregate grant date fair value of the awards on the date of issuance.

Stock-Based Compensation

The Company recorded stock-based compensation expense related to stock options and restricted stock units in the following expense categories of its statements of operations and comprehensive loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Research and development expenses	$ 35	$ 31	$ 97	$ 150
General and administrative expenses	499	1,416	757	1,817
Total stock-based compensation expense	$ 534	$ 1,447	$ 854	$ 1,967

As of September 30, 2026, the Company had an aggregate of $1,397 of unrecognized stock-based compensation expense, which it expects to recognize over a weighted average period of 2.47 years. As of September 30, 2025, the Company had an aggregate of $1,732 of unrecognized stock-based compensation expense, which it expects to recognize over a weighted average period of 2.85 years.

12. Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss	$ (5,537)	$ (5,581)	$ (17,750)	$ (17,904)
Denominator:				
Weighted average common shares outstanding—basic and diluted	88,325,917	26,361,386	62,134,091	24,171,173
Net loss per share attributable to common stockholders—basic and diluted	$ (0.06)	$ (0.21)	$ (0.29)	$ (0.74)

As part of the April 2025 Transactions, the Pre-Funded Warrants to purchase an aggregate of 2,251,695 shares of common stock at an exercise price of $0.001 per share are included within the denominator for basic net loss per share purposes and considered outstanding as of the date of issuance.

The Company's potential dilutive securities, which include stock options as of September 30, 2026 and 2025, have been excluded from the computation of diluted net loss per share attributable to common stockholders whenever the effect of including them would be to reduce the net loss per share. In periods where there is a net loss, the weighted average number of shares of common stock outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The following potential shares of common stock, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net loss per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Nine Months Ended September 30,	
	2026	2025
Options to purchase common stock	3,283,254	3,143,997
Warrants to issue shares of common stock	9,095,144	6,616,499
Series X Preferred Stock issued and outstanding, as converted	12,232,000	12,232,000
Total potential dilutive shares	24,610,398	21,992,496

13. Commitments and Contingencies

Legal Proceedings

The Company may from time to time be party to litigation arising in the ordinary course of business. As of September 30, 2026, the Company was not party to any legal proceedings and no material legal proceedings are currently pending or, to the best of the Company's knowledge, threatened.

Intellectual Property Licenses

Harvard and Dana-Farber Agreement

In August 2006, the Company entered into an exclusive license agreement with President and Fellows of Harvard College, or Harvard, and Dana-Farber Cancer Institute, or DFCI. The agreement granted the Company an exclusive worldwide license, with the right to sublicense, under specified patents and patent applications to develop, obtain regulatory approval for and commercialize specified product candidates based on cell-permeating peptides. Under the agreement, the Company is obligated to use commercially reasonable efforts to develop and commercialize one or more licensed products and to achieve specified milestone events by specified dates. In connection with entering into the agreement, the Company paid an upfront license fee and issued to Harvard and DFCI shares of its common stock.

In February 2010, the agreement was amended and restated, or the Harvard/DFCI agreement, under which additional patent rights were added to the scope of the license agreement and the annual license maintenance fees were increased. Under the Harvard/DFCI agreement, the Company is obligated to make aggregate milestones payments of up to $7,700 per licensed therapeutic product upon the Company's achievement of specified clinical, regulatory and sales milestones with respect to such product and up to $700 per licensed diagnostic product upon the Company's achievement of specified regulatory and sales milestones with respect to such product. In addition, the Company is obligated to pay royalties of low single-digit percentages on annual net sales of licensed products sold by the Company, its affiliates or its sublicensees. The royalties are payable on a product-by-product and country-by-country basis and may be reduced in specified circumstances. In addition, the agreement obligates the Company to pay a percentage, up to the mid-twenties, of fees received by the Company in connection with its sublicense of the licensed products. In accordance with the terms of the agreement, the Company's sublicense payment obligations may be subject to specified reductions.

The Harvard/DFCI agreement requires the Company to pay annual license maintenance fees of $110 each year, which was reduced to $35 starting in 2023. Any payments made in connection with the annual license maintenance fees will be credited against any royalties due.

As of September 30, 2026, the Company had not developed a commercial product using the licensed technologies and no royalties under the agreement had been paid or were due.

Under the Harvard/DFCI agreement, the Company is responsible for all patent expenses related to the prosecution and maintenance of the licensed patents and applications in-licensed under the agreement as well as cost reimbursement of amounts incurred for all documented patent-related expenses. The agreement will expire on a product-by-product and country-by-country basis upon the last to expire of any valid patent claim pertaining to licensed products covered under the agreement. The Company incurred $27 license maintenance fees in the nine months ended September 30, 2026 and 2025, respectively.

Agreement with the University of Texas Health Science Center at Tyler

In June 2013, the Company entered into a patent and technology license agreement with UT System, on behalf of UTHSCT. The patent and technology license agreement with UT System, or the UTHSCT Agreement, provides the Company access to patents and technology related to the development of LTI-01 and LTI-03. As part of the UTHSCT Agreement, the Company has (i) a royalty-bearing, exclusive license under the patent rights to manufacture, distribute, and sell certain intellectual property; (ii) a non-exclusive license under the technology rights to manufacture, distribute and sell the licensed product; and (iii) a sublicensing right that allows the Company to grant sublicenses to affiliates and third parties to use the licensed product in the field of use and approved territories outlined in the UTHSCT Agreement. In December 2013, the UTHSCT Agreement was amended and restated to include certain patents in all fields worldwide. In May 2017, the UTHSCT Agreement was amended and restated to modify the specific milestone criteria.

In consideration of the UTHSCT Agreement, the Company agreed to pay past and ongoing patent expenses, and the Company owes UTHSCT sublicensing fees, assignment fees, and single digit royalties on worldwide net product sales, with fixed minimum royalty payments that started in 2015.

Pursuant to the UTHSCT Agreement, the Company is required to use diligent efforts to commercialize the licensed technology as soon as commercially practicable, including maintaining active research and development, regulatory, marketing and sales program, all as commercially reasonable.

The Company may terminate the UTHSCT Agreement for convenience with 90 days' notice. UTHSCT may also terminate the UTHSCT Agreement, but only if the Company breaches the terms of the agreement. The Company did not incur any expense under the UTHSCT Agreement in the nine months ended September 30, 2026 and 2025.

Agreement with the University of Texas at Austin

In May 2015, the Company entered into a patent license agreement with UT Austin on behalf of UT System. This license agreement with UT Austin, or the UT Austin 6607 Agreement, relates to the patent rights to polypeptide therapeutics and uses thereof. Pursuant to the UT Austin 6607 Agreement the Company has (i) a royalty-bearing, exclusive license under the patent rights to manufacture, distribute, and sell the licensed product; and (ii) a sublicensing right that allows the Company to grant sublicenses to affiliates and third parties to use the licensed product in the field of use and approved territories outlined in the agreement. The UT Austin 6607 Agreement was amended and restated in January 2017, November 2018, and June 2019. The amendments related to extension of milestone payment dates and specific terminology around the milestone achievement criteria.

In consideration of the UT Austin 6607 Agreement, the Company agreed to pay past and ongoing patent expenses, milestone fees upon certain development and regulatory milestone events, annual license fees, tiered sublicense fees, assignment fees, low single digit royalties on net sales and a Food and Drug Administration, or FDA, Priority Review Voucher fee if the Company sells or transfers this voucher.

Pursuant to the UT Austin 6607 Agreement, the Company is required to use diligent efforts to commercialize the licensed products, including maintaining active research and development, regulatory, marketing and sales program. Moreover, the Company is required to meet certain development and regulatory milestones by specific dates.

The Company may terminate the UT Austin 6607 Agreement for convenience with 90 days' notice. UT Austin may also terminate the UT Austin 6607 Agreement, but only if the Company breaches the terms of the agreement. The Company did not incur any expense under the UT Austin 6607 Agreement in the nine months ended September 30, 2026 and 2025.

Agreement with Medical University of South Carolina

In March 2016, the Company entered into a license agreement with Medical University of South Carolina Foundation for Research Development, or MUSC. Pursuant to this license agreement with MUSC, or the MUSC Agreement, the Company has patent rights related to protecting against lung fibrosis by up regulating Cav1. The MUSC Agreement granted (i) a royalty-bearing, exclusive license under the patent rights to make, use and sell the license product; and (ii) a sublicensing right that allows the Company to grant sublicenses to affiliates and third parties to use the licensed product in the field of use and approved territories outlined in the agreement. In September 2018, the agreement was amended and restated to include definitions of related methods, related products and related rights.

In consideration of the MUSC Agreement, the Company agreed to pay a non-refundable license fee, patent expenses, milestone fees upon certain development, regulatory and commercial milestone events, sublicense fees, assignment fees and low single digit royalties on net sales, with a fixed minimum royalty payment starting in 2019 and a transaction fee upon the Company's liquidation.

Pursuant to the MUSC Agreement, the Company is required to use diligent efforts to develop, manufacture and sell the licensed products.

The Company may terminate the MUSC Agreement for convenience by providing a written notice to MUSC effective 90 days following the receipt of notice, and either party may terminate the agreement for a breach of contract. The Company did not incur any license fees under the MUSC Agreement in the nine months ended September 30, 2026 and 2025.

Agreement with Vivarta Therapeutics LLC

In March 2018, the Company entered into a license agreement with Vivarta Therapeutics, LLC, or Vivarta. This license agreement with Vivarta, or the Vivarta Agreement, relates to intellectual property relating to epithelial sodium channel inhibitors and methods to treat pulmonary disease. Pursuant to the Vivarta Agreement the Company has (i) a royalty-bearing, exclusive license under the intellectual property rights to make, use and sell the licensed product, and (ii) a sublicensing right that allows the Company to grant sublicenses to affiliates and third parties to use the licensed product in the field of use and approved territories outlined in the agreement.

In consideration for the Vivarta Agreement, the Company agreed to grant Vivarta a warrant to purchase an aggregate of 75,000 shares of common stock of Lung for $0.12 per share, to pay a license fee of $10,000 upon the Vivarta Agreement effective date and $40,000 within 30 days of the receipt of a positive freedom to operate analysis from legal counsel. The Company also agreed to pay patent expenses, milestone fees upon certain development and regulatory milestone events, sublicense fees, assignment fees and low single digit royalties on net sales.

Pursuant to the Vivarta Agreement, the Company is required to use diligent efforts to develop, manufacture and sell the licensed products.

The Company may terminate the Vivarta Agreement for convenience by providing a written notice to Vivarta effective 90 days following the receipt of notice, and either party may terminate the agreement for a breach of contract. The Company did not incur any expenses under the Vivarta Agreement in the nine months ended September 30, 2026 and 2025.

Project Addendum

In December 2025, the Company entered into a project addendum with a third party Contract Research Organization, or CRO, for the purposes of setting forth the responsibilities and obligations of the parties in regards to conducting a certain clinical research program entitled “A Phase 2, Randomized, Double-Blind, Placebo-Controlled Study of the Safety, Tolerability and Efficacy of Caveolin-1-Scaffolding-Protein-Derived Peptide in Patients with IPF” under the Company’s Protocol LTI-03-2001. Pursuant to the project addendum and the contract modification signed in July 2026, the Company has contracted to receive up to $20.8 million of master services as the Company may request from time to time at its discretion.

Indemnification Agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. As of the date of this report, the Company has not incurred any material costs or claims as a result of such indemnifications.

14. Segment Reporting

The Company has one reportable segment which focuses on developing novel therapies for the treatment of orphan pulmonary and fibrosis indications with no approved or limited effective treatments. The Company’s CODM, the CEO, manages the Company’s operations on a consolidated basis as one operating segment for the purposes of evaluating financial performance and allocating resources.

The Company has not generated any revenue yet. The CODM assesses the financial performance of the segment and decides how to allocate resources on a consolidated basis. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets.

The CODM uses the annual operating budget in the strategic planning and forecasting process. Such budget is used to monitor budget versus actual results on an ongoing basis by the CODM and determine how resources are allocated to the various activities of the Company. The CODM also uses the budget to evaluate the Company’s performance and assist in determination of management’s incentive compensation.

All of the Company’s tangible assets are held in the United States. The Company views its operations and manages its business in one operating segment operating in the United States.

The table below is a summary of the segment statements of operations, including significant segment expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues	$ —	$ —	$ —	$ —
Research and development expenses:				
LTI-01 program-related expenses:				
CMC activities	21	162	177	947
Clinical operation activities	20	29	139	310
Total LTI-01 program-related expenses	41	191	316	1,257
LTI-03 program-related expenses:				
Preclinical study costs	193	294	194	1,116
CMC activities	513	272	1,777	1,668
Clinical operation activities	3,069	414	7,124	3,249
Total LTI-03 program-related expenses	3,775	980	9,095	6,033
Other program-related expenses	6	2	48	11
Employee related expenses	478	478	1,478	1,622
Professional fees for services	5	6	5	44
Facilities and other expenses	70	24	144	61
Total research and development expenses	4,375	1,681	11,086	9,028
General and administrative expenses:				
Employee related expenses	887	927	2,605	2,809
Professional fees for services	1,162	2,420	3,022	4,593
Facilities and other expenses	575	464	1,592	1,542
Total general and administrative expenses	2,624	3,811	7,219	8,944
Other income	1,471	28	1,650	198
Other expense	(9)	(117)	(1,095)	(130)
Segment and consolidated net loss	$ (5,537)	$ (5,581)	$ (17,750)	$ (17,904)

15. Subsequent Event

The Company evaluated subsequent events through the date of filing of this Quarterly Report on Form 10-Q and determined that no events have occurred that would require adjustment to or disclosure in the unaudited condensed financial statements.

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

The following discussion and analysis are meant to provide material information relevant to an assessment of the financial condition and results of operations of our Company, including an evaluation of the amounts and certainty of cash flows from operations and from outside sources, so as to allow investors to better view our Company from management's perspective. You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements for the quarter ended September 30, 2026, included elsewhere in this Quarterly Report on Form 10-Q. 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 those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this report, including those set forth under Item 1A. "Risk Factors" in the Company's Annual Report for the fiscal year ended December 31, 2025 filed with the SEC on March 26, 2026 (the "Annual Report").

Overview and Recent Developments

We are a clinical stage biopharmaceutical company focused on developing novel therapies for the treatment of orphan pulmonary and fibrosis indications with no approved or limited effective treatments. We currently have one lead product candidate in clinical development, LTI-03. Our pipeline includes:

- LTI-03, a peptide, for which we conducted a Phase 1b dose-ranging, placebo-controlled safety, tolerability, and pharmacodynamic biomarker activity trial in development for the treatment of Idiopathic Pulmonary Fibrosis, or IPF, that has demonstrated the ability to protect healthy lung epithelial cells and reduce pro-fibrotic signaling;
- LTI-01, a proenzyme that completed a Phase 2a dose-ranging, placebo-controlled trial and a Phase 1b safety, tolerability and proof of mechanism trial in loculated pleural effusion, or LPE, patients, an indication that has no approved drug treatment; and
- preclinical programs targeting cystic fibrosis and a peptide program focused on the Cav1 protein for systemic fibrosis indications.

In the fourth quarter of 2025, we decided to pause development activities related to LTI-01 for an indefinite period.

In May 2025, we initiated screening and recruitment of patients in the RENEW Phase 2 clinical trial of LTI-03. The RENEW trial is a Phase 2 multi-center, randomized, double-blind, placebo-controlled study evaluating the safety, tolerability, and efficacy of LTI-03 patients with IPF. In addition, the trial is designed to assess the activity of inhaled dry powder LTI-03 across multiple biomarkers and to measure lung function and the potential for healthy tissue regeneration. The trial is designed to enroll approximately 120 patients diagnosed with IPF within 5 years of screening, who may be receiving standard of care antifibrotic therapy, across up to 50 sites globally, including sites in the United States, United Kingdom, Germany, Australia and Poland. Patients will be randomized into two blinded placebo-controlled cohorts that will run concurrently. Patients in the low dose cohort will receive 2.5 mg of either LTI-03 or placebo administered twice daily, or BID, for a total dose of 5 mg/day, while participants in the high dose cohort will receive 5 mg BID for a total dose of 10 mg/day. The primary endpoint is the incidence of treatment-emergent adverse events from Day 1 through Week 24. The key secondary endpoint is the efficacy of LTI-03 measured through forced vital capacity, percent predicted FVC and high-resolution computer tomography, in collaboration with Qureight Ltd. Patients will undergo a 28-day screening period prior to being randomized and entering the 24-week treatment period, with a four-week follow-up.

In October 2025, we received authorization from the European Medicines Agency, or the EMA, to initiate our Phase 2 RENEW trial of our lead candidate, LTI-03, at sites in Germany and Poland. We had previously received regulatory clearance from the U.K.'s Medicines and Healthcare products Regulatory Agency, or the MHRA. In January 2026, we received orphan drug designation from the EMA for LTI-03.

As of the date of this Quarterly Report, we activated sites and are seeking to enroll patients in all countries in the trial. We commenced dosing patients in May 2025, however enrollment and dosing was suspended between June 2025 and October 2025 due to an FDA clinical hold, which was resolved and lifted on October 29, 2025. In March 2026, we resumed the dosing of patients in the RENEW Phase 2 clinical trial of LTI-03. We expect to report initial blinded summary data on some proportion of patients in the fourth quarter of 2026.

We have not completed the development of any of our product candidates, have not generated any revenue from product sales and have never generated an operating profit.

In May 2026, we completed an underwritten public offering of 57,500,000 shares of our common stock at a public offering price of $1.00 per share, or the May 2026 Offering. Aggregate gross proceeds from the May 2026 Offering were approximately $57.5 million, and net proceeds to the Company were approximately $53.1 million after deducting underwriting discounts, commissions, and offering expenses of approximately $4.4 million. As of September 30, 2026, we had $36.5 million in cash, cash equivalents and investments.

Since our inception, we have incurred significant losses on an aggregate basis. Our net losses were $5.5 million and $5.6 million for the three months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had an accumulated deficit of $419.0 million. These losses have resulted primarily from costs incurred in connection with research and development activities, licensing and patent investment and general and administrative costs associated with our operations as well as the impairment loss on intangible assets. We expect to continue to incur operating losses for the foreseeable future.

As of September 30, 2026, we had cash, cash equivalents and investments of $36.5 million. Based on our current operating plan, we believe that our existing cash, cash equivalents and investments as of September 30, 2026 will be sufficient to enable us to fund our planned operating expense and capital expenditure requirements into the first quarter of 2028. We also believe the funds will be sufficient to enable us to complete the Phase 2 RENEW clinical trial of LTI-03.

Master Services Agreement

In April 2025, we entered into a master services agreement with a third party Contract Research Organization, or CRO, under which the CRO has agreed to perform certain services in accordance with written work orders. The work orders set forth the obligations of the parties with regard to conducting the clinical research study entitled "A Randomized, Double-Blind, Placebo-Controlled, Phase 2, Safety, Tolerability and Efficacy Study of Caveolin1-Scaffolding-Protein-Derived Peptide (LTI-03) in Patients with IPF", under our Protocol LTI-03-2001. Pursuant to the agreement, we had contracted for up to $17.0 million of master services. In August 2025, this master services agreement was terminated. There were no future commitments for the Company as of September 30, 2026.

In December 2025, we entered into a master services agreement with a third party CRO for the purposes of setting forth the responsibilities and obligations of the parties in regards to conducting a certain clinical research program entitled "A Phase 2, Randomized, Double-Blind, Placebo-Controlled Study of the Safety, Tolerability and Efficacy of Caveolin-1-Scaffolding-Protein-Derived Peptide in Patients with IPF" under our Protocol LTI-03-2001. Pursuant to the project addendum and the contract modification signed in July 2026, we have contracted for up to $20.8 million of services as we may request from time to time at our discretion.

Components of Our Results of Operations

Revenue

We have not generated any revenue from product sales and we do not expect to generate any revenue from the sale of products in the foreseeable future.

Operating Expenses

Our expenses since inception have consisted solely of research and development costs, general and administrative, and restructuring costs.

Research and Development Expenses

For the periods presented in this Quarterly Report on Form 10-Q, research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of our product candidates, and include:

- salaries, benefits and other related costs, including stock-based compensation expense, for personnel engaged in research and development functions;
- expenses incurred in connection with the clinical development of our product candidates, including under agreements with third parties, such as consultants and CROs;
- the cost of manufacturing product candidates for use in our clinical trials and preclinical studies, including under agreements with third parties, such as consultants and contract manufacturing organizations, or CMOs;
- expenses incurred in connection with the preclinical development of our product candidates, including outsourced professional scientific development services, consulting research fees and payments made under sponsored research arrangements with third parties;
- the costs of laboratory supplies and acquiring, developing and manufacturing preclinical study and clinical trial materials;
- third-party license fees;
- costs related to compliance with regulatory requirements; and
- facility-related expenses, which included direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expense research and development costs as incurred. We recognize costs for certain development activities, such as clinical trials, based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations or information provided to us by our vendors and our clinical investigative sites. Payments for these activities are based on the terms of

the individual agreements, which may differ from the pattern of costs incurred, and are reflected in our financial statements as prepaid or accrued research and development expenses.

In addition, we typically use our employee and infrastructure resources across our development programs. We track outsourced development costs and milestone payments made under our licensing arrangements by product candidate or development program, but we do not allocate personnel costs, license payments made under our licensing arrangements or other internal costs to specific development programs or product candidates because these costs are deployed across multiple programs and, as such, are not separately classified.

Research and development activities are central to our business model. The duration, costs and timing of clinical trials and development of a product candidate will depend on a variety of factors, including:

- the scope, rate of progress, expense and results of clinical trials of the product candidates that we are developing and other research and development activities that we have conducted;
- uncertainties in clinical trial design and patient enrollment rates;
- significant and changing government regulation and regulatory guidance;
- the timing and receipt of any marketing approvals; and
- the expense of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA, or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipated would be required for the completion of clinical development of a product candidate, or if we experience significant trial delays due to patient enrollment or other reasons, we could be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in our executive, finance and corporate and administrative functions. General and administrative expenses are comprised of professional fees associated with being a public company including the costs of accounting, auditing, legal, regulatory, tax and consulting services associated with maintaining compliance with exchange listing and the SEC requirements, director and officer insurance; and both public and investor relations costs. General and administrative expenses also include legal fees relating to patent and corporate matters, other insurance costs, travel expenses, facility related expenses and other expenses.

Other (Expense) Income, net

Interest and Other Income

Interest income consists of interest income earned on our cash, cash equivalents and investments. Historically, our interest income had not been significant due to low investment balances and low interest earned on those balances. We anticipate that our interest income will fluctuate in the future in response to our cash, cash equivalents and investment balances and the interest rate environment.

Other (expense) income, net consists of gains or losses recognized from non-routine items such as accretion on short-term investments, and gains or losses recognized from foreign currency transactions, original issue discount, or OID, related to the PPA, the promissory notes, and the disposal of fixed assets.

Results of Operations

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

The following table summarizes our results of operations for the three months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Increase (Decrease)
	2026	2025	
		(in thousands)	
Operating expenses:			
Research and development	4,375	1,681	2,694
General and administrative	2,624	3,811	(1,187)
Total operating expenses	6,999	5,492	1,507
Loss from operations	(6,999)	(5,492)	(1,507)
Other (expense) income, net	1,462	(89)	1,551
Net loss	$ (5,537)	$ (5,581)	$ 44

Research and Development Expenses

Research and development expenses for the three months ended September 30, 2026 were $4.4 million, compared to $1.7 million for the three months ended September 30, 2025. The increase of $2.7 million was primarily due to the increase spending on the RENEW phase 2 trial clinical versus the prior year when the FDA imposed a clinical hold on LTI-03, which was lifted in October 2025. During the three months ended September 30, 2026, we spent $3.3 million on clinical trials, $0.3 million on manufacturing, $0.2 million on regulatory and development consulting, $0.5 million on employee and related expenses, and slightly under $0.1 million on facilities and other expenses. During the three months ended September 30, 2025, we spent $0.6 million on clinical trials, $0.3 million on manufacturing, $0.5 million on employee and related expenses, and $0.3 million on regulatory and development consulting.

General and Administrative Expenses

General and administrative expenses were $2.6 million for the three months ended September 30, 2026, compared to $3.8 million for the three months ended September 30, 2025. The decrease of $1.2 million was driven primarily by a reduction in professional fees of approximately $1.3 million, the vesting of restricted stock units granted during the three months ended September 30, 2025 reflected as compensation for consulting services. The decrease in professional fees was also driven by $0.2 million in lower legal fees and $0.4 million in lower transaction-related fees, partially offset by $0.2 million in higher external consulting costs.

Other (Expense) Income, net

Other (expense) income, net of $1.5 million for the three months ended September 30, 2026 primarily consisted of a $1.1 million gain from the revaluation of 2026 Warrant liabilities, which were reclassified to equity in July 2026, as well as interest income earned on our then-current cash, cash equivalents and investments. We anticipate that interest income and investment accretion will fluctuate in the future periods in response to changes in our cash, cash equivalents, and investments, as well as prevailing interest rates.

Comparison of the nine months ended September 30, 2026 and 2025

The following table summarizes our results of operations for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,		Increase (Decrease)
	2026	2025	
		(in thousands)	
Operating expenses:			
Research and development	11,086	9,028	2,058
General and administrative	7,219	8,944	(1,725)
Total operating expenses	18,305	17,972	333
Loss from operations	(18,305)	(17,972)	(333)
Other income, net	555	68	487
Net loss	$ (17,750)	$ (17,904)	$ 154

Research and Development Expenses

Research and development expenses for the nine months ended September 30, 2026 were $11.1 million, compared to $9.0 million for the nine months ended September 30, 2025. The increase of $2.1 million was primarily due to the increase spending on the RENEW phase 2 trial clinical versus the prior year when the FDA imposed a clinical hold on LTI-03, which was lifted in October 2025. During the nine months ended September 30, 2026, we spent $7.4 million on clinical trials, $1.4 million on manufacturing, $1.5 million on employee and related expenses, $0.6 million on regulatory and development consulting, and less than $0.2 million on facilities and other expenses. During the nine months ended September 30, 2025, we spent $4.3 million on clinical trials, $2.2 million on manufacturing, $1.6 million on employee and related expenses, $0.8 million on regulatory and development consulting, and $0.1 million on professional fees and facilities and other expenses.

General and Administrative Expenses

General and administrative expenses were $7.2 million for the nine months ended September 30, 2026, compared to $8.9 million for the nine months ended September 30, 2025. The decrease of $1.7 million was driven primarily by a reduction in professional fees of approximately $1.6 million, the vesting of restricted stock units granted during the three months ended September 30, 2025 reflected as compensation for consulting services. Lower legal fees and lower transaction-related fees also contributed to the decrease in professional fees. In addition, employee and related expenses declined by $0.2 million due to a decrease in stock-based compensation expense.

Other Income, net

Other income, net of $0.6 million for the nine months ended September 30, 2026 primarily consisted of a $1.1 million gain from the revaluation of 2026 Warrant liabilities, which were reclassified to equity in July 2026, as well as a $0.6 million interest income earned on our then-current cash, cash equivalents and investments, offset by a $1.1 million interest expense as a result of the amortization of discount on notes payable related to the promissory notes. Other income, net for the nine months ended September 30, 2025 primarily consisted of interest income and accretion in our then-current cash and cash equivalents, offset by OID related to the PPA.

Liquidity and Capital Resources

Since inception, we have not generated any revenue from product sales and have incurred significant operating losses and negative cash flows from operations. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance the clinical development of our lead product candidate, LTI-03, or any future product candidates. We expect that our research and development and general and administrative costs will continue to increase significantly, including in connection with conducting clinical trials and manufacturing for our lead product candidate or any future product candidates to support potential future commercialization and providing general and administrative support for our operations, including the costs associated with operating as a public company.

As of September 30, 2026, we had cash, cash equivalents and investments of $36.5 million. Based on our current operating plan, we believe that our existing cash, cash equivalents and investments as of September 30, 2026 will be sufficient to enable us to fund our planned operating expense and capital expenditure requirements into the first quarter of 2028. However, our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully advance the clinical development of LTI-03 or any future product candidates. If we are not able to generate sufficient revenue in a timeframe that satisfies our cash needs, we will need to raise more capital. In the event we require additional capital, we will endeavor to acquire additional funds through various financing sources, including our ATM, follow-on equity offerings, debt financing and joint ventures with industry partners. In addition, we will consider alternatives to our current business plan that may enable us to achieve revenue-producing operations and meaningful commercial success with a smaller amount of capital. If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve cash.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	Nine Months Ended September 30,	
	2026	2025
	(in thousands)	
Cash used in operating activities	$ (19,334)	$ (16,141)
Cash used in investing activities	(35,402)	—
Cash provided by financing activities	52,469	7,350
Effect of exchange rate changes on cash and cash equivalents	(5)	(26)
Net increase (decrease) in cash and cash equivalents	$ (2,272)	$ (8,817)

Operating Activities.

During the nine months ended September 30, 2026, net cash used in operating activities was $19.3 million primarily due to our net loss of $17.8 million and cash used in the change in operating assets and liabilities of $2.7 million, offset by non-cash charges of $1.1 million. Non-cash charges resulted primarily from non-cash warrant issuance cost of $0.4 million, net amortization of discount on notes payable of $1.1 million and stock-based compensation expense of $0.9 million, offset by $0.2 million accretion of discount on investments and a $1.1 million gain from the revaluation of 2026 Warrant liabilities, which were reclassified to equity in July 2026. Changes in our operating assets and liabilities during the nine months ended September 30, 2026 consisted primarily of an increase of $1.8 million in other non-current assets and a decrease of $0.9 million in accounts payable.

During the nine months ended September 30, 2025, net cash used in operating activities was $16.1 million primarily due to our net loss of $17.9 million and cash used in the change in operating assets and liabilities of $0.6 million, offset by non-cash charges of $2.4 million. Non-cash charges resulted primarily from stock-based compensation expense of $2.0 million, commitment fee related to the PPA of $0.3 million and OID related to the PPA of $0.1 million. Changes in our operating assets and liabilities during the nine months ended September 30, 2025 consisted primarily of a decrease of $3.5 million in other long-term liabilities and accrued expenses and other current liabilities, and an increase of $0.3 million in prepaid expenses and other current assets, offset by an increase of $3.2 million in accounts payable.

Investing Activities.

During the nine months ended September 30, 2026, net cash used in investing activities was $35.4 million primarily due to our short term investments of $35.4 million and long term investments of $1.0 million, offset by $1.0 million proceeds from sales or maturities of investments. There was no cash used in or provided by investing activities during the nine months ended September 30, 2025.

Financing Activities.

During the nine months ended September 30, 2026, net cash provided by financing activities was $52.5 million primarily due to the net proceeds from the May 2026 Offering described above, offset by the discount on notes payable that were received and repaid during the nine months ended September 30, 2026.

During the nine months ended September 30, 2025, net cash provided by financing activities was $7.4 million primarily due to the April 2025 Transactions and Yorkville Transactions described above.

Contractual and other obligations

We enter into contracts in the normal course of business with CROs for clinical and preclinical research studies, external manufacturers for product for use in our clinical trials, and other research supplies and other services as part of our operations. These contracts generally provide for termination on notice, and therefore are cancelable contracts.

In December 2025, we entered into a master services agreement with a third party CRO for the purposes of setting forth the responsibilities and obligations of the parties in regards to conducting a certain clinical research program entitled "A Phase 2, Randomized, Double-Blind, Placebo-Controlled Study of the Safety, Tolerability and Efficacy of Caveolin-1-Scaffolding-Protein-Derived Peptide in Patients with IPF" under our Protocol LTI-03-2001. Pursuant to the project addendum and the contract modification signed in July 2026, we had contracted for up to $20.8 million of services.

Critical Accounting Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs, and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

During the three and nine months ended September 30, 2026, there were no material changes to the items that we disclosed as our critical accounting estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report.

Global and Macroeconomic Developments

We are subject to continuing risks and uncertainties in connection with legislative, regulatory, political, geopolitical and macroeconomic developments beyond our control, including inflationary pressures, general economic slowdown or a recession, high interest rates, changes in monetary policy or foreign currency exchange rates, changes in trade policies, including tariffs and other trade restrictions or the threat of such actions, instability in financial institutions, the ongoing conflicts in Ukraine and in the Middle East. Most of these developments and factors are outside of our control and could exist for an extended period of time. We will continue to evaluate the nature and extent of the potential impacts to our business, results of operations, liquidity and capital resources. See the section titled "*Risk Factors*" found elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report for additional information.

Smaller Reporting Company Status

We are a "smaller reporting company" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than $250.0 million or (ii) our annual revenue was less than $100.0 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than $700.0 million. For so long as we continue to be a smaller reporting company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies.

Recently Issued Accounting Pronouncements

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 2 to our condensed consolidated financial statements to this Quarterly Report on Form 10-Q, such standards will not have a material impact on our condensed consolidated financial statements or do not otherwise apply to our operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company, as defined in Rule 12b-2 under the Exchange Act for this reporting period and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

The term "disclosure controls and procedures", as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to controls and procedures 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, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our interim Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and our interim Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of September 30, 2026, because of the identified material weaknesses in our internal control over financial reporting described below.

Material Weaknesses

We identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. We identified the following material weaknesses in internal control over financial reporting: (i) lack of sufficient accounting and supervisory personnel who have the appropriate level of technical accounting experience and training, and (ii) lack of adequate procedures and controls to ensure that accurate financial statements could have been prepared and reviewed on a timely basis for annual reporting purposes. These material weaknesses continued to exist as of September 30, 2026 and December 31, 2025.

Management's Plan to Remediate Material Weaknesses

The below are actions that we have taken to date to remediate the above-mentioned material weaknesses:

- Enhanced the execution of our risk assessment activities by evaluating whether the design of our internal controls appropriately addresses changes in the business (including changes to people, processes and systems) that could impact our system of internal controls.
- Engaged a third-party to assist in assessing the design and implementation of controls and develop remediation plans for identified control gaps related to our timely preparation and review of account reconciliations, financial statements and supporting schedules.
- Reported regularly to the audit committee on the progress and results of the remediation plan, including the identification, status and resolution of internal control deficiencies.
- Continued to reassess staffing and add additional resources, as required, with the requisite technical accounting experience and training, to further allow for segregation of duties and to support our system of internal control.
- Implemented remediation plans for identified control design and implementation gaps.

In addition to implementing and executing the aforementioned activities, the following activities are expected to be completed in fiscal year 2026:

- Continue to act upon the enhancements to our internal controls that we implemented in 2025.
- Perform testing of operating effectiveness of identified controls over financial reporting including IT General Controls.
- As needed, we will also supplement our internal resources with additional third-party resources to enhance our corporate oversight and monitoring over process-level controls and structures to ensure that there is appropriate assignment of authority, responsibility, and accountability.

The material weaknesses will not be considered remediated until management completes the design and implementation of the measures described above and the controls operate for a sufficient period of time and management has concluded, through testing, that

these controls are effective. Management believes that the remediation measures described above will be implemented in a manner such that the controls can be tested, and the identified material weaknesses can be determined to be remediated, however, no assurance can be made that such remediation will occur or that additional material weaknesses will not be identified.

Changes in Internal Control Over Financial Reporting

Except for the above noted and previously reported material weaknesses and the related ongoing remediation activities described above, no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) has occurred during the three months ended September 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1A. Risk Factors.

For a discussion of our risk factors, see "Part I, Item 1A-Risk Factors" in our Annual Report for the year ended December 31, 2025.

You should carefully consider the risks included in our Annual Report, together with all of the other information in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. The occurrence of any single risk or any combination of risks could materially and adversely affect our business, financial condition, results of operations, cash flows and the trading price of our common stock.

There have been no material changes to the risk factors disclosed in our 2025 Annual Report and subsequent SEC filings, except as described below:

Nasdaq Minimum Bid Price Requirement

On August 21, 2026, we received a notice from The Nasdaq Stock Market LLC (the "Nasdaq") indicating that we were not in compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(1), because the closing bid price of the Company's common stock had been below $1.00 per share for 30 consecutive business days.

Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), we have until February 17, 2027, to regain compliance with the minimum bid price requirement by maintaining a closing bid price of at least $1.00 per share for a minimum of 10 consecutive business days. If we do not regain compliance within the initial 180-day compliance period, it may be eligible for an additional compliance period, subject to satisfaction of applicable Nasdaq requirements. However, there can be no assurance that we will be granted an additional compliance period or that we will regain compliance within the applicable period. If we fail to regain compliance, Nasdaq may initiate suspension and delisting procedures.

Item 5. Other Information

During the three months ended September 30, 2026, no director or officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The following exhibits are filed or furnished as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Registrant, as amended (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 11, 2021).
3.2	Certificate of Amendment of Restated Certificate of Incorporation of the Registrant, dated as of November 10, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 10, 2022).
3.3	Certificate of Amendment of Restated Certificate of Incorporation of the Registrant, dated February 28, 2024 (incorporated by reference to Exhibit 3.3 of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2024).
3.4	Certificate of Amendment to Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 10, 2025).
3.5	Certificate of Amendment to Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 14, 2026).
3.6	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 10, 2025).
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.
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.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Indicates management contract or compensatory plan.

\+ In accordance with Item 601(b)(10)(iv) of Regulation S-K, certain information (indicated by "[**]") has been excluded from this exhibit because it is both not material and private or confidential. A copy of the omitted portion will be furnished to the SEC upon request.

\# Certain schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

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.

Rein Therapeutics, Inc.

Date: November 16, 2026 By: /s/ Brian Windsor, Ph.D.

Brian Windsor, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 16, 2026 By: /s/ Timothy M. Cunningham

Timothy M. Cunningham
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A), AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Brian Windsor, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rein 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 16, 2026

REIN THERAPEUTICS, INC.

/s/ Brian Windsor, Ph.D.

Brian Windsor, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A), AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Timothy M. Cunningham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rein 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 16, 2026

REIN THERAPEUTICS, INC.

/s/ Timothy M. Cunningham

Timothy M. Cunningham
Interim Chief Financial Officer
(Principal Financial Officer)

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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 on Form 10-Q of Rein Therapeutics, Inc. (the "Company") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Windsor, Ph.D., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

REIN THERAPEUTICS, INC.

Dated: November 16, 2026

/s/ Brian Windsor, Ph.D.

Brian Windsor, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 on Form 10-Q of Rein Therapeutics, Inc. (the "Company") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy M. Cunningham, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

REIN THERAPEUTICS, INC.

Dated: November 16, 2026

/s/ Timothy M. Cunningham

Timothy M. Cunningham
Interim Chief Financial Officer
(Principal Financial Officer)