

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2026

OR

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

For the Transition Period from _____ to _____

Commission File Number 001-33650

LISATA THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
P.O. Box 173, Liberty Corner, New Jersey
(Address of principal executive offices)

22-2343568
(I.R.S. Employer Identification No.)
07938
(zip code)

Registrant's telephone number, including area code: 908-842-0100

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	LSTA	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 and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition 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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of August 6, 2026
Common stock, \$0.001 par value per share	9,010,937 shares

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report (this “Quarterly Report”) contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, as well as historical information. When used in this Quarterly Report, statements that are not statements of current or historical fact may be deemed to be forward-looking statements, including, without limitation, all statements related to any expectations of revenues, expenses, cash flows, earnings or losses from operations, cash required to maintain current and planned operations, capital or other financial items; any statements of the plans, strategies and objectives of management for future operations; any plans or expectations with respect to product research, development and commercialization, including regulatory approvals; any other statements of expectations, plans, intentions or beliefs; and any statements of assumptions underlying any of the foregoing. Without limiting the foregoing, the words “plan,” “project,” “forecast,” “outlook,” “intend,” “may,” “will,” “expect,” “likely,” “believe,” “could,” “anticipate,” “estimate,” “continue,” “target” or similar expressions or other variations or comparable terminology are intended to identify such forward-looking statements, although some forward-looking statements are expressed differently. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity or our achievements or industry results, to be materially different from any future results, performance, levels of activity or our achievements or industry results expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from anticipated results expressed or implied by forward-looking statements include, among others:

- our evaluation of potential strategic alternatives with a goal to enhance stockholder value, including the possibility of an acquisition, merger, reverse merger, other business combination, sales of assets, liquidation and dissolution or other strategic transactions;
- the outcome of our litigation against Kuva Labs, Inc. (“Kuva”) and Kuva Acquisition Corp. (“Purchaser”) relating to their failure to accept and pay for the shares tendered by our stockholders and the breach of our merger agreement with Kuva and Purchaser (the “Merger Agreement”);
- our ability to continue as a going concern;
- our ability to obtain sufficient capital or strategic business arrangements to fund our operations, including collecting amounts owed to us under various licensing and other strategic arrangements, meeting our financial obligations under various licensing and other strategic arrangements, the funding of our clinical trials for product candidates, and the commercialization of the relevant technology;
- whether a market is established for our products and our ability to capture a meaningful share of this market;
- scientific, regulatory and medical developments beyond our control;
- our ability to obtain and maintain, as applicable, appropriate governmental licenses, accreditations or certifications or to comply with healthcare laws and regulations or any other adverse effect or limitations caused by government regulation of our business;
- whether any of our current or future patent applications result in issued patents, the scope of those patents and our ability to obtain and maintain other rights to technology required or desirable for the conduct of our business, and our ability to commercialize products without infringing upon the claims of third-party patents;
- whether any potential strategic or financial benefits of various licensing agreements will be realized;
- our ability to diversify our pipeline of development product candidates, which could include an acquisition, merger, business combination, in-license or other strategic transaction, and whether any of such efforts will result in us entering into or completing any transaction or that any such transaction, if completed, will add to shareholder value;
- the results of our development activities;
- our ability to complete our other planned clinical trials (or initiate other trials) in accordance with our estimated timelines due to lack of funding or delays associated with enrolling patients due to the novelty of the treatment, the size of the patient population, competition with other clinical trials for similar subjects, patient and/or investigator site availability and accessibility due to external macroenvironmental factors and the need of patients to meet the inclusion criteria of the trial or otherwise;
- the extent to which any future public health crisis and their long-term effects may impact, directly or indirectly, our business, including our clinical trials and financial condition; and

- other factors discussed in “Risk Factors” herein and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 12, 2026 (our “2025 Form 10-K”).

The factors discussed herein, including those risks described in “Item 1A. Risk Factors” and elsewhere in our 2025 Form 10-K and in our other periodic filings with the SEC, which are available for review at www.sec.gov, could cause actual results and developments to be materially different from those expressed or implied by such statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these and other factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (In thousands, except share data)

	June 30, 2026	December 31, 2025
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 10,443	\$ 15,956
Prepaid and other current assets	570	1,747
Total current assets	11,013	17,703
Property and equipment, net	14	18
Other assets	—	23
Total assets	\$ 11,027	\$ 17,744
LIABILITIES, NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable	\$ 836	\$ 1,019
Accrued liabilities	2,151	2,052
Total current liabilities	2,987	3,071
Other long-term liabilities	50	72
Total liabilities	3,037	3,143
Contingencies (Note 13)		
Stockholders' Equity		
Common stock, \$0.001 par value, authorized 500,000,000 shares; issued 9,119,742 and 8,834,613 shares at June 30, 2026 and December 31, 2025, respectively; and outstanding, 9,119,004 and 8,833,875 shares at June 30, 2026 and December 31, 2025, respectively	9	9
Additional paid-in capital	581,030	580,243
Treasury stock, at cost; 738 shares at June 30, 2026 and December 31, 2025	(708)	(708)
Accumulated deficit	(572,070)	(564,652)
Accumulated other comprehensive loss	(17)	(37)
Total Lisata Therapeutics, Inc. stockholders' equity	8,244	14,855
Non-controlling interests	(254)	(254)
Total equity	7,990	14,601
Total liabilities, non-controlling interests and stockholders' equity	\$ 11,027	\$ 17,744

See accompanying notes to consolidated financial statements.

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ —	\$ 70	\$ —	\$ 70
Operating Expenses:				
Research and development	584	2,253	1,787	4,856
General and administrative	3,408	2,685	7,146	5,930
Total operating expenses	3,992	4,938	8,933	10,786
Operating loss	(3,992)	(4,868)	(8,933)	(10,716)
Other income (expense):				
Investment income, net	79	216	199	482
Other income (expense), net	984	(7)	929	(111)
Total other income	1,063	209	1,128	371
Net loss before benefit from income taxes and noncontrolling interests	(2,929)	(4,659)	(7,805)	(10,345)
Benefit from income taxes	—	—	(387)	(962)
Net loss	<u>\$ (2,929)</u>	<u>\$ (4,659)</u>	<u>\$ (7,418)</u>	<u>\$ (9,383)</u>
Less - net income (loss) attributable to noncontrolling interests	—	—	—	—
Net loss attributable to Lisata Therapeutics, Inc. common stockholders	<u>\$ (2,929)</u>	<u>\$ (4,659)</u>	<u>\$ (7,418)</u>	<u>\$ (9,383)</u>
Basic and diluted loss per share				
Lisata Therapeutics, Inc. common stockholders	\$ (0.32)	\$ (0.54)	\$ (0.82)	\$ (1.09)
Weighted average common shares outstanding				
Basic and diluted shares	9,106	8,605	9,056	8,604

See accompanying notes to consolidated financial statements.

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net loss	\$ (2,929)	\$ (4,659)	\$ (7,418)	\$ (9,383)
Other comprehensive gain (loss):				
Available for sale securities - net unrealized gain	—	4	—	3
Cumulative translation adjustment arising during the period	4	24	20	28
Total other comprehensive gain	4	28	20	31
Comprehensive loss attributable to Lisata Therapeutics, Inc. common stockholders	<u>\$ (2,925)</u>	<u>\$ (4,631)</u>	<u>\$ (7,398)</u>	<u>\$ (9,352)</u>

See accompanying notes to consolidated financial statements.

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total Lisata Therapeutics, Inc. Stockholders' Equity	Non- Controlling Interest in Subsidiary	Total Equity
	Shares	Amount							
Balance at March 31, 2025	<u>\$ 8,621</u>	<u>\$ 9</u>	<u>\$ 578,923</u>	<u>\$ (78)</u>	<u>\$ (552,790)</u>	<u>\$ (708)</u>	<u>\$ 25,356</u>	<u>\$ (254)</u>	<u>\$ 25,102</u>
Net loss	—	—	—	—	(4,659)	—	(4,659)	—	(4,659)
Share-based compensation	(22)	—	230	—	—	—	230	—	230
Net proceeds from issuances of common stock	28	—	74	—	—	—	74	—	74
Unrealized gain on marketable securities	—	—	—	4	—	—	4	—	4
Foreign currency translation adjustment	—	—	—	24	—	—	24	—	24
Balance at June 30, 2025	<u>8,627</u>	<u>\$ 9</u>	<u>\$ 579,227</u>	<u>\$ (50)</u>	<u>\$ (557,449)</u>	<u>\$ (708)</u>	<u>\$ 21,029</u>	<u>\$ (254)</u>	<u>\$ 20,775</u>

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total Lisata Therapeutics, Inc. Stockholders' Equity	Non- Controlling Interest in Subsidiary	Total Equity
	Shares	Amount							
Balance at December 31, 2024	<u>8,410</u>	<u>\$ 8</u>	<u>\$ 578,418</u>	<u>\$ (81)</u>	<u>\$ (548,066)</u>	<u>\$ (708)</u>	<u>\$ 29,571</u>	<u>\$ (254)</u>	<u>\$ 29,317</u>
Net loss	—	—	—	—	(9,383)	—	(9,383)	—	(9,383)
Share-based compensation	129	—	516	—	—	—	516	—	516
Net proceeds from issuances of common stock	84	1	285	—	—	—	286	—	286
Proceeds from option exercises	4	—	8	—	—	—	8	—	8
Unrealized gain on marketable securities	—	—	—	3	—	—	3	—	3
Foreign currency translation adjustment	—	—	—	28	—	—	28	—	28
Balance at June 30, 2025	<u>8,627</u>	<u>\$ 9</u>	<u>\$ 579,227</u>	<u>\$ (50)</u>	<u>\$ (557,449)</u>	<u>\$ (708)</u>	<u>\$ 21,029</u>	<u>\$ (254)</u>	<u>\$ 20,775</u>

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total Lisata Therapeutics, Inc. Stockholders' Equity	Non- Controlling Interest in Subsidiary	Total Equity
	Shares	Amount							
Balance at March 31, 2026	9,108	\$ 9	\$ 580,787	\$ (21)	\$ (569,141)	\$ (708)	\$ 10,926	\$ (254)	\$ 10,672
Net loss	—	—	—	—	(2,929)	—	(2,929)	—	(2,929)
Share-based compensation	(5)	—	214	—	—	—	214	—	214
Net proceeds from issuances of common stock	17	—	29	—	—	—	29	—	29
Foreign currency translation adjustment	—	—	—	4	—	—	4	—	4
Balance at June 30, 2026	9,120	\$ 9	\$ 581,030	\$ (17)	\$ (572,070)	\$ (708)	\$ 8,244	\$ (254)	\$ 7,990

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total Lisata Therapeutics, Inc. Stockholders' Equity	Non- Controlling Interest in Subsidiary	Total Equity
	Shares	Amount							
Balance at December 31, 2025	8,835	\$ 9	\$ 580,243	\$ (37)	\$ (564,652)	\$ (708)	\$ 14,855	\$ (254)	\$ 14,601
Net loss	—	—	—	—	(7,418)	—	(7,418)	—	(7,418)
Share-based compensation	114	—	418	—	—	—	418	—	418
Net proceeds from issuances of common stock	17	—	29	—	—	—	29	—	29
Proceeds from option exercise	79	—	124	—	—	—	124	—	124
Proceeds from warrant exercise	75	—	216	—	—	—	216	—	216
Foreign currency translation adjustment	—	—	—	20	—	—	20	—	20
Balance at June 30, 2026	9,120	\$ 9	\$ 581,030	\$ (17)	\$ (572,070)	\$ (708)	\$ 8,244	\$ (254)	\$ 7,990

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (7,418)	\$ (9,383)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	578	769
Depreciation and amortization	5	87
Amortization/accretion on marketable securities	—	(61)
Changes in operating assets and liabilities:		
Accounts receivable	—	399
Prepaid and other current assets	1,203	63
Other assets	21	90
Accounts payable, accrued liabilities and other liabilities	(121)	(1,322)
Net cash used in operating activities	(5,732)	(9,358)
Cash flows from investing activities:		
Purchase of marketable securities	—	(9,180)
Sale of marketable securities	—	19,144
Purchase of property and equipment	—	(28)
Net cash provided by investing activities	—	9,936
Cash flows from financing activities:		
Proceeds from exercise of options	124	8
Tax withholding payments on net share settlement equity awards	(159)	(253)
Proceeds from exercise of warrants	216	—
Net proceeds from issuance of common stock	29	286
Net cash provided by financing activities	210	41
Effect of exchange rate changes on cash	9	7
Net (decrease) increase in cash and cash equivalents	(5,513)	626
Cash and cash equivalents at beginning of period	15,956	16,209
Cash and cash equivalents at end of period	\$ 10,443	\$ 16,835

See accompanying notes to consolidated financial statements.

LISATA THERAPEUTICS, INC. AND SUBSIDIARIES**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS****Note 1 – Description of Business*****Overview***

Lisata Therapeutics, Inc. (together with its subsidiaries, the “Company”) is a clinical-stage pharmaceutical company dedicated to the discovery, development, and commercialization of innovative therapies for the treatment of solid tumors and other serious diseases. The Company's investigational product, certepetide (formerly known as LSTA1 or CEND-1), is designed to activate a novel uptake pathway (the C-end rule active transport mechanism) that allows co-administered or tethered (i.e., molecularly bound) anti-cancer drugs to target and penetrate solid tumors more effectively. Certepetide actuates this active transport system in a tumor-specific manner, resulting in systemically co-administered anti-cancer drugs more efficiently penetrating and accumulating in the tumor, while normal tissues are expected to remain unaffected. Certepetide has also been shown to modify the tumor microenvironment (“TME”) by reducing T-regulatory cells and augmenting cytotoxic T cells, thereby making tumors more susceptible to immunotherapies while also inhibiting the metastatic cascade (i.e., the spread of cancer to other parts of the body). The Company, its collaborators and other researchers have amassed and continue to amass significant non-clinical data demonstrating enhanced delivery of a range of existing and emerging anti-cancer therapies, including chemotherapeutics, immunotherapies, and RNA-based therapeutics. In addition, certain preclinical data using certepetide in combination with antibody drug conjugates (ADCs) has been generated as part of the Company's research collaboration with Catalent. These data were presented at a scientific meeting during the fourth quarter of 2025. To date, certepetide has also demonstrated favorable safety, tolerability and activity in completed and ongoing clinical trials designed to enhance delivery of standard-of-care chemotherapy, with and without added immunotherapy for pancreatic cancer. Certepetide is or has been the subject of several Phase 2 clinical studies globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), cholangiocarcinoma, appendiceal cancer, colon cancer and glioblastoma multiforme in combination with a variety of anti-cancer regimens.

The Company's leadership team has amassed many decades of collective biopharmaceutical and pharmaceutical product development experience across a variety of therapeutic categories and at all stages of development from preclinical through to product registration and launch. The Company's goal has been to develop and commercialize products that address important unmet medical needs.

Liquidity and Capital Resources

The Company has a history of net operating losses and negative cash flows from its operating activities, and has cash and cash equivalents of approximately \$10.4 million as of June 30, 2026. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant revenues from its products currently in development. To manage capital for operating needs in the short-term, as previously disclosed, the Company has delayed commencement of certain readiness activities for its planned Phase 3 study in metastatic pancreatic ductal adenocarcinoma (mPDAC), particularly those related to chemistry, manufacturing and controls (“CMC”). Investigator sponsored studies in glioblastoma, pancreatic, colon, and appendiceal cancers are ongoing or have completed with results reporting entirely under the auspices of the sponsors.

The Company's continued operations are dependent on its ability to raise additional funding. Based on its current business plan and current capital resources, combined with the need to raise additional funding and the uncertainty regarding the availability of such additional funding, management has concluded that there is substantial doubt regarding the Company's ability to continue as a going concern for a period of twelve months after the date these consolidated financial statements are issued. Management is seeking additional funding and considering strategic options. However, additional funding may not be available on terms acceptable to the Company or at all. The Company is also continuing to reduce current spending requirements.

If, for any reason, the Company utilizes its capital resources more quickly than anticipated or is unable to obtain additional funding on a timely basis, it may be required to revise its business plan and strategy. This may result in the Company significantly curtailing, delaying or discontinuing its research and development programs. As a result, the Company's business, financial condition, and results of operations could be materially affected. The accompanying consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may be necessary if the Company were unable to continue as a going concern.

Termination of Merger Agreement

On July 24, 2026, the Company terminated the previously announced Agreement and Plan of Merger, dated as of March 6, 2026, by and among Kuva Labs Inc., a Delaware corporation (“Kuva” or “Parent”) and Kuva Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent (“Purchaser”), and the Company (as amended, the “Merger Agreement”), pursuant to Section 8.3(a) of the Merger Agreement (the “Termination”). Pursuant to the Merger Agreement, Purchaser agreed to acquire all of the outstanding shares of common stock, par value, \$0.001 per share (the “Common Shares”), of the Company validly tendered and not validly withdrawn through a tender offer (the “Offer”), at a purchase price of (i) \$4.00 per Common Share, net to the seller in cash, without interest, plus (ii) one contingent value right (each, a “CVR”), representing the contractual right to receive two contingent cash payments up to an aggregate of \$3.00 per CVR subject to the achievement of certain milestones, in accordance with the terms and subject to the conditions of a contingent value rights agreement. The Offer was to be followed by a merger to acquire all remaining outstanding Common Shares for the same per share consideration paid in the Offer. For a summary of the material terms of the Merger Agreement and the Offer, please see the Company’s Current Reports on Form 8-K filed with the Securities and Exchange Commission on March 9, 2026, April 3, 2026, May 4, 2026, May 29, 2026, June 9, 2026 and July 17, 2026 and the Company’s Solicitation/Recommendation Statement on Schedule 14D-9 and related amendments filed with the Securities and Exchange Commission on June 10, 2026, July 2, 2026, July 13, 2026, July 17, 2026 and July 21, 2026. During the three and six months ended June 30, 2026, the Company received payments totaling \$1,000,000 from Kuva related to the Merger Agreement, which are recorded in Other income (expense), net in the Consolidated Statements of Operations.

The Termination follows Parent and Purchaser’s failure to accept for payment all Common Shares validly tendered and not validly withdrawn pursuant to the Offer after the expiration of the Offer one minute after 11:59 p.m., New York City Time, on July 20, 2026. Parent informed the Company that Parent has been unable to obtain sufficient financing for purposes of funding the Offer and instructed Equiniti Trust Company, LLC, in its capacity as depository and paying agent for the Offer, to return the Common Shares tendered in the Offer to the holders thereof.

As a result of the Termination, Parent is obligated under the Merger Agreement to pay the Company a termination fee of \$2,000,000. In addition, the Company reserved all rights to seek all available legal remedies, including without limitation, damages for Willful Breach (as defined in the Merger Agreement) and any Enforcement Costs (as defined in the Merger Agreement). On July 31, 2026, the Company commenced an action in the Court of Chancery of the State of Delaware suing Parent and Purchaser over their breach of the Merger Agreement. Among other things, the Company is seeking payment of the termination fee and damages for the benefits its stockholders expected in connection with the transaction. There can be no assurance that the Company will be able to obtain damages from Parent or Purchaser, even to the extent legally available in any litigation that the Company may pursue, due to the Company’s limited financial resources available to fund related litigation and to Parent’s or Purchaser’s potential inability to satisfy with its existing assets any judgment that the Company might obtain.

Review of Strategic Alternatives

The Company’s Board of Directors is assessing strategic options to enhance stockholder value, which may include, but are not limited to, an acquisition, merger, reverse merger, other business combination, sales of assets, liquidation and dissolution or other strategic transactions. There can be no assurance that the exploration of strategic alternatives will result in any agreements or transactions, or that, if completed, any agreements will be reached, or transactions will be successfully consummated or on attractive terms.

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the SEC for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying Consolidated Financial Statements of the Company and its subsidiaries, which are unaudited, include all normal and recurring adjustments considered necessary to present fairly the Company’s financial position as of June 30, 2026, and the results of its operations and its cash flows for the periods presented. The unaudited consolidated financial statements herein should be read together with the historical consolidated financial statements of the Company for the years ended December 31, 2025 and 2024 included in our 2025 Form 10-K. Operating results for the three and six months ended June 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of expenses during the reporting period. The Company bases its estimates on historical experience and other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company makes critical estimates and assumptions in determining stock-based awards values. Accordingly, actual results could differ from those estimates and assumptions.

Segment Information

The Company operates as one operating segment, the research and development of its investigational drug product. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer, who manages the business on a consolidated basis.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Lisata Therapeutics, Inc. and its wholly owned and majority owned subsidiaries and affiliates. All intercompany activities have been eliminated in consolidation.

Foreign Currency Translation

The Company's reporting currency is the U.S. Dollar. The functional currency of Lisata Therapeutics Australia Pty Ltd., which is a foreign subsidiary of the Company, is the Australian Dollar. The assets and liabilities of Lisata Therapeutics Australia Pty Ltd. are translated into U.S. Dollars at the exchange rates in effect at each balance sheet date, and the results of operations are translated using the average exchange rates prevailing throughout the reporting period. Adjustments resulting from translating foreign functional currency financial statements into U.S. Dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income (loss) in stockholders' equity.

Note 2 – Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid, investments with maturities of ninety days or less when purchased.

Concentration of Risks

The Company is subject to credit risk from its portfolio of cash, cash equivalents, accounts receivable and marketable securities. Under its investment policy, the Company limits amounts invested in such securities by credit rating, maturity, industry group, investment type and issuer, except for securities issued by the U.S. government, thereby reducing credit risk exposure. Cash is held at major banks in the United States and may exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. The goals of the Company's investment policy, in order of priority, are as follows: safety and preservation of principal and diversification of risk, liquidity of investments sufficient to meet cash flow requirements, and a competitive after-tax rate of return. The Company has no significant off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts, or other hedging arrangements.

Accounts Receivable

Accounts receivable is stated at historical cost, less allowance for credit losses. The Company records an expense based on a forward-looking current expected credit loss model to maintain its allowance for credit losses. When determining its allowance for trade accounts receivable, the Company considers the probability of recoverability of accounts receivable based on experience, taking into account current collection trends and general economic factors, including bankruptcy rates. The Company also considers future economic trends to estimate expected credit losses over the lifetime of the asset. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. Accounts receivable may be fully reserved for when specific collection issues are known to exist, such as pending bankruptcies. Account balances are written off against the allowance when it is determined that the receivable will not be recovered. As of June 30, 2026 and December 31, 2025, there was no allowance for credit losses.

Property and Equipment

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Repairs and maintenance expenditures that do not extend original asset lives are charged to expense as incurred. The estimated useful lives of property and equipment are as follows:

Furniture and fixtures	10 years
Computer equipment	3 years
Software	3 years
Leasehold improvements	Shorter of useful life or lease term

Long-lived Assets

Long-lived assets consist of property and equipment. The assets are amortized on a straight-line basis over their respective useful lives. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the fair value of the asset. If other events or changes in circumstances indicate that the carrying amount of an asset that the Company expects to hold and use may not be recoverable, the Company will estimate the undiscounted future cash flows expected to result from the use of the asset and/or its eventual disposition, and recognize an impairment loss, if any. The impairment loss, if determined to be necessary, would be measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Share-Based Compensation

The Company expenses all share-based payment awards to employees, directors, and consultants, including grants of stock options, warrants, and restricted stock, over the requisite service period based on the grant date fair value of the awards. For awards with performance-based vesting criteria, the Company estimates the probability of achievement of the performance criteria and recognizes compensation expense related to those awards expected to vest. The Company determines the fair value of option awards using the Black-Scholes option-pricing model which uses both historical and current market data to estimate the fair value. This method incorporates various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options or warrants. Share-based compensation expense also includes an estimate, which is made at the time of the grant, of the number of awards that are expected to be forfeited. The fair value of the Company's restricted stock and restricted stock units is based on the closing market price of the Company's common stock on the date of grant.

Loss Per Share

Basic loss per share is based on the weighted effect of all shares of common stock issued and outstanding and is calculated by dividing net loss attributable to common stockholders by the weighted average shares outstanding during the period. Diluted loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock used in the basic loss per share calculation plus the number of shares of common stock that would be issued assuming conversion of all potentially dilutive securities outstanding. Diluted loss per share is not presented as such potentially dilutive securities are anti-dilutive to losses incurred in all periods presented.

Treasury Stock

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Gains or losses on the subsequent reissuance of shares are credited or charged to additional paid in capital.

Research and Development Costs

Research and development ("R&D") expenses include salaries, benefits, and other headcount related costs, clinical trial and related clinical manufacturing costs, contract and other outside service fees including sponsored research agreements, and facilities and overhead costs. The Company expenses the costs associated with research and development activities when incurred.

To further drive the Company's initiatives, the Company targets key governmental agencies and not-for-profit organizations to contribute funds for the Company's research and development programs. The Company accounts for such grants as a deduction to the related expense in research and development operating expenses when earned.

In-process Research and Development Expense

Upfront payments that relate to the acquisition of a new drug compound, as well as pre-commercial milestone payments, are immediately expensed as IPR&D in the period in which they are incurred, provided that the new drug compound did not also include processes or activities that would constitute a “business” as defined under U.S. GAAP, the drug has not achieved regulatory approval for marketing and, absent obtaining such approval, has no established alternative future use. The Company accounts for contingent consideration payable upon achievement of certain regulatory, development or sales milestones in such asset acquisitions when the underlying contingency is probable and estimable. Milestone payments made to third parties subsequent to regulatory approval will be capitalized as intangible assets and amortized over the estimated remaining useful life of the related product.

Intangible Asset

The Company’s intangible asset consisted of a single asset, a license agreement with Qilu Pharmaceutical, Co., Ltd. (“Qilu”) acquired in the Company’s acquisition of Cend Therapeutics, Inc (the “Cend Merger”), with a value of \$0.4 million. The intangible asset was stated at fair value and amortized using the straight-line method over its estimated useful life of 5.00 years. Amortization expense was \$0 and \$0 for the three and six months ended June 30, 2026, respectively, and \$18 thousand and \$35 thousand for the three and six months ended June 30, 2025, respectively. The intangible asset is reviewed for potential impairment when events or circumstances indicate that carrying amounts may not be recoverable. As of December 31, 2025, the Company determined that the carrying amount of the asset was not recoverable and recorded an intangible asset impairment charge of \$0.1 million in general and administrative expenses in the Consolidated Statements of Operations.

Revenue Recognition

The Company evaluates license and collaboration arrangements to determine whether units of account within the arrangement exhibit the characteristics of a vendor and customer relationship. For arrangements and units of account where a customer relationship exists, the Company applies the revenue recognition guidance. The Company recognizes revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for contracts with customers the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligations. At contract inception, the Company assesses the goods or services promised within each contract and assesses whether each promised good or service is distinct and determines those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Taxes imposed by governmental authorities on the Company’s revenue, such as sales taxes and withholding taxes, are excluded from net revenue.

If a license to the Company’s intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, upfront fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. If licenses are bundled with other performance obligations, the Company would utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue. The Company recognized no revenue for the three and six months ended June 30, 2026 and \$70 thousand for the three and six months ended June 30, 2025.

Milestones

At the inception of each arrangement that includes milestone payments (variable consideration), the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company or the Company’s collaboration partner’s control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such milestones and any related constraint, and if necessary, adjusts the Company’s estimate of the overall transaction price. Any such adjustments are allocated on a cumulative catch-up basis to satisfied and partially satisfied performance obligations, with the consideration allocated to an ongoing performance obligation being recognized over the period of performance. For the three and six months ended June 30, 2026 and June 30, 2025, the Company has not recognized revenue related to milestones.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and for which the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). To date, the Company has not recognized any royalty revenue from any collaborative arrangement.

Note 3 – Available-for-Sale Securities

The following table is a summary of available-for-sale securities recorded in cash and cash equivalents in the Company's Consolidated Balance Sheets (in thousands)

	June 30, 2026				December 31, 2025			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds	\$ 8,834	\$ —	\$ —	\$ 8,834	\$ 11,640	\$ —	\$ —	\$ 11,640
Total	<u>\$ 8,834</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,834</u>	<u>\$ 11,640</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,640</u>

Estimated fair values of available-for-sale securities are generally based on prices obtained from commercial pricing services. The following table summarizes the classification of the available-for-sale securities in the Company's Consolidated Balance Sheets (in thousands):

	June 30, 2026	December 31, 2025
Cash equivalents	\$ 8,834	\$ 11,640
Total	<u>\$ 8,834</u>	<u>\$ 11,640</u>

The following table summarizes the Company's portfolio of available-for-sale securities by contractual maturity (in thousands):

	June 30, 2026	
	Amortized Cost	Estimated Fair Value
Less than one year	\$ 8,834	\$ 8,834
Greater than one year	—	—
Total	<u>\$ 8,834</u>	<u>\$ 8,834</u>

Note 4 – Property and Equipment

Property and equipment consisted of the following (in thousands):

	June 30, 2026	December 31, 2025
Computer equipment	494	494
Accumulated depreciation	(480)	(476)
Property and equipment, net	<u>\$ 14</u>	<u>\$ 18</u>

The Company's results included depreciation expense of approximately \$5 thousand and \$52 thousand for the six months ended June 30, 2026 and 2025, respectively.

Note 5 – Income (Loss) Per Share

For the six months ended June 30, 2026 and 2025, the Company incurred net losses and therefore no common stock equivalents were utilized in the calculation of diluted loss per share as they are anti-dilutive in the periods presented. At June 30, 2026 and 2025, the Company excluded the following potentially dilutive securities (in thousands):

	June 30,	
	2026	2025
Stock options	1,244	1,511
Warrants	367	1,497
Restricted stock units	477	325

Note 6 – Fair Value Measurements

Fair value of financial assets and liabilities that are being measured and reported are defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (exit price). The Company is required to classify fair value measurements in one of the following categories:

Level 1 inputs are defined as quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are defined as inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are defined as unobservable inputs for the assets or liabilities.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2026 and December 31, 2025 were as follows (in thousands):

	June 30, 2026				December 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents	\$ 8,834	\$ —	\$ —	\$ 8,834	\$ 11,640	\$ —	\$ —	\$ 11,640
	<u>\$ 8,834</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,834</u>	<u>\$ 11,640</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,640</u>

The carrying values of cash, cash equivalents, accounts payable and accrued expenses approximate fair value as of June 30, 2026 and December 31, 2025, due to the short maturity nature of these items.

Note 7 – Accrued Liabilities

Accrued liabilities as of June 30, 2026 and December 31, 2025 were as follows (in thousands):

	June 30, 2026	December 31, 2025
Salaries, employee benefits and related taxes	\$ 1,499	\$ 812
Legal liabilities	100	115
Clinical and R&D related liabilities	375	1,022
Accounting & tax consulting liabilities	156	62
Other	21	41
Total	<u>\$ 2,151</u>	<u>\$ 2,052</u>

Note 8 – Stockholders' Equity***Equity Issuances*****At The Market Offering Agreement**

On June 4, 2021, the Company entered into an At The Market Offering Agreement (the “ATM Agreement”) with H.C. Wainwright & Co., LLC, as sales agent, in connection with an “at the market offering” under which the Company from time to time may offer and sell shares of its common stock, having an aggregate offering price of up to \$50.0 million. As of the date of this filing and so long as the Company’s public float remains below \$75.0 million, the Company is subject to limitations pursuant to General Instruction I.B.6 of Form S-3 (the “Baby Shelf Limitation”), which limits the amount the Company can offer to up to one-third of its public float during any trailing 12-month period. Subsequent to the filing of a prospectus supplement to the Company's Registration Statement on Form S-3 (File No. 333-279034) relating to the at the market offering on August 21, 2024, the aggregate market value of its outstanding common stock held by non-affiliates was approximately \$29.6 million. Pursuant to the Baby Shelf Limitation, since the aggregate market value of the Company's outstanding common stock held by non-affiliates was below \$75.0 million at the time of such prospectus supplement filing, the aggregate amount of securities that the Company is permitted to offer and sell is now \$9,855,890, which was equal to one-third of the aggregate market value of our common stock held by non-affiliates as of August 20, 2024. If the Company’s public float exceeds \$75.0 million on a future measurement date, it will no longer be subject to the Baby Shelf Limitation. During the six months ended June 30, 2026, the Company did not issue any shares of common stock under the ATM Agreement. Since inception, the Company has issued 330,938 shares of common stock under the ATM Agreement for net proceeds of \$1,065,608.

Stock Options and Warrants

The following table summarizes the activity for stock options and warrants for the six months ended June 30, 2026:

	Stock Options				Warrants			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at December 31, 2025	1,502,881	\$ 6.17	4.77	\$ 24.6	1,276,962	\$ 40.80	0.29	\$ —
Changes during the period:								
Granted	101,550	1.97			—	—		
Exercised	(79,295)	1.57			(75,000)	2.88		
Forfeited	(4,015)	2.78			—	—		
Expired	(276,679)	5.36			(835,302)	43.01		
Outstanding at June 30, 2026	1,244,442	\$ 6.31	5.15	\$ 262.9	366,660	\$ 43.50	0.07	\$ —
Vested at June 30, 2026 or expected to vest in the future	1,234,795	\$ 6.34	5.12	\$ 253.9	366,660	\$ 43.50	0.07	\$ —
Vested at June 30, 2026	1,087,130	\$ 6.83	4.62	\$ 143.3	366,660	\$ 43.50	0.07	\$ —

Restricted Stock

During the six months ended June 30, 2026 and 2025, the Company issued restricted stock for services as follows (in thousands, except share data):

	Six Months Ended June 30,	
	2026	2025
Number of restricted stock issued	199,900	215,550
Value of restricted stock issued	\$ 394	\$ 819

The weighted average estimated fair value of restricted stock issued for services in the six months ended June 30, 2026 and 2025 was \$1.97 and \$3.80 per share, respectively. The fair value of the restricted stock was determined using the Company's closing stock price on the date of issuance. The vesting terms of restricted stock issuances are generally between one and four years.

The following is a summary of the changes in non-vested restricted stock for the six months ended June 30, 2026:

	Restricted Stock Shares	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2025	265,036	\$ 3.46
Changes during the Year:		
Granted	199,900	\$ 1.97
Vested	(172,848)	\$ 2.95
Forfeited	(5,348)	\$ 2.70
Non-vested at June 30, 2026	286,740	\$ 2.75

Restricted Stock Units

During the six months ended June 30, 2026 and 2025, the Company issued restricted stock units for services as follows (in thousands, except share data):

	Six Months Ended June 30,	
	2026	2025
Number of restricted stock units issued	152,280	78,945
Value of restricted stock units issued	\$ 300	\$ 300

The weighted average estimated fair value of restricted stock units issued for services in the three months ended June 30, 2026 and 2025 was \$1.97 and \$3.80 per share, respectively. The fair value of the restricted stock units was determined using the Company's closing stock price on the date of issuance. The vesting terms of restricted stock unit issuances are generally one year, or upon the achievement of performance-based milestones.

The following is a summary of the changes in non-vested restricted stock units for the six months ended June 30, 2026:

	Restricted Stock Units	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2025	78,945	\$ 3.80
Changes during the Year:		
Granted	152,280	\$ 1.97
Vested	(78,945)	\$ 3.80
Forfeited	—	\$ —
Non-vested at June 30, 2026	152,280	\$ 1.97

Note 9 – Share-Based Compensation

Share-Based Compensation

The Company utilizes share-based compensation in the form of stock options, restricted stock, restricted stock units and warrants. The following table summarizes the components of share-based compensation expense for the three and six months ended June 30, 2026 and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Research and development	\$ 36	\$ 27	\$ 107	\$ 153
General and administrative	178	212	471	616
Total share-based compensation expense	<u>\$ 214</u>	<u>\$ 239</u>	<u>\$ 578</u>	<u>\$ 769</u>

Total compensation cost related to unvested awards not yet recognized and the weighted-average periods over which the awards were expected to be recognized at June 30, 2026 were as follows (in thousands):

	Stock Options	Restricted Stock Units	Restricted Stock
Unrecognized compensation cost	\$ 224	\$ 158	\$ 598
Expected weighted-average period in years of compensation cost to be recognized	1.74	0.53	1.82

Total fair value of shares vested and the weighted average estimated fair values of shares granted for the six months ended June 30, 2026 and 2025 were as follows (in thousands):

	Stock Options		Warrants	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total fair value of shares vested	\$ 218	\$ 264	\$ —	\$ 150
Weighted average estimated fair value of shares granted	\$ 1.34	\$ 2.60	\$ —	\$ —

Valuation Assumptions

The fair value of stock options and warrants at the date of grant was estimated using the Black-Scholes option pricing model. The expected volatility is based upon historical volatility of the Company's stock. The expected term for the options is based upon observation of actual time elapsed between date of grant and exercise of options for all employees. The expected term for the warrants is based upon the contractual term of the warrants.

Note 10 – Income Taxes

In assessing the realizability of deferred tax assets, including the net operating loss carryforwards (NOLs), the Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize its existing deferred tax assets. Based on its assessment, the Company has provided a full valuation allowance against its net deferred tax assets as their future utilization remains uncertain at this time.

As of December 31, 2025 and 2024, the Company had approximately \$99.0 million and \$57.9 million, respectively, of Federal NOLs available to offset future taxable income expiring from 2030 through 2036. The Company performed an analysis and determined that they had an ownership change of greater than 50% on September 15, 2022. As a result of the ownership change, losses incurred before the ownership change on September 15, 2022 will be subject to an annual limitation while losses incurred after September 15, 2022 will not be subject to limitations.

As of December 31, 2022, Cend Therapeutics, Inc. ("Cend") had approximately \$3.6 million of Federal NOLs available to offset future taxable income. The Company performed an analysis and determined that there was an ownership change of greater than 50% on September 15, 2022. As of September 15, 2022 Cend has approximately \$3.1 million of Federal and \$4.3 million of state NOLs. The state NOLs will expire from the 2036 through 2042 tax years. Using a fair market value of \$36.1 million and applying an applicable federal rate of 2.54% Cend will have an annual limitation of approximately \$917 thousand each year. The Federal NOL of \$459 thousand incurred in the post-acquisition period September 15, 2022 to December 31, 2022 is not subject to limitation, and does not expire.

As of December 31, 2025 and 2024, the Company's wholly owned Australian subsidiary had approximately \$3.0 million and \$2.3 million, respectively, of NOLs which will be carried forward and do not expire. There is a full valuation allowance against the NOLs.

As of December 31, 2025, the Company had federal research and development credit carryforwards of \$0.5 million expiring from 2027 through 2034 if unused, and state research and development credit carryforwards of \$0.1 million, which carryforward indefinitely. Utilization of these credits may be subject to an annual limitation based on changes in ownership.

As of December 31, 2025 and 2024, the Company had State NOLs available in New Jersey of \$54.8 million and \$24.6 million, respectively, California of \$9.2 million and \$9.2 million, respectively, and New York City of \$1.9 million and \$1.9 million, respectively, to offset future taxable income expiring from 2032 through 2045. The usage of the Company's NOLs is limited given the change in ownership.

The Company applies the Financial Accounting Standards Board provisions for uncertain tax positions. The Company utilizes the two-step process to determine the amount of recognized tax benefit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company recognizes interest and penalties associated with certain tax positions as a component of income tax expense.

As of December 31, 2025 and 2024, the Company's uncertain tax positions were \$344 thousand and \$344 thousand, respectively. The uncertain tax positions are due to the acquisition of Cend related to Federal and state credits and certain state NOLs. The Company will continue to evaluate its uncertain tax positions in future periods. The Company does not believe there will be any material changes in its unrecognized tax positions over the next year.

For years prior to 2022, the federal statute of limitations is closed for assessing tax. The Company's state tax returns remain open to examination for a period of three to four years from the date of the tax return filing.

In February 2026, the Company sold a portion of their unused New Jersey net operating losses through the State of New Jersey Economic Development Authority's ("NJEDA") Technology Business Tax Certificate Transfer Program ("Program"). Under the Program, the Company sold \$4.3 million of its New Jersey net operating losses ("NJ NOLs") for net proceeds of \$349 thousand. The sale of NJ NOLs resulted in a \$387 thousand deferred income tax benefit and a loss on sale of \$38 thousand recorded in other income (expense) in the consolidated financial statements.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"). The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. ASC 740, "Income Taxes", requires the tax effects of changes in tax rates and tax law be recognized in the period in which the legislation is enacted. The Company completed its initial assessment of OBBBA for the year ended December 31, 2025. The OBBBA enacted new Section 174A, which permanently allows taxpayers to fully expense domestic research or experimental (R&E) expenditures paid or incurred in taxable years beginning after December 31, 2024, and also provides transition rules permitting taxpayers to deduct unamortized domestic R&E expenditures paid or incurred in 2022 through 2024.

The Company elected the one-year recovery method to deduct in full, in its first taxable year beginning after December 31, 2024, the remaining unamortized amount of its pre-2025 domestic R&E expenditures. The Company also changed its tax accounting method for domestic R&E expenditures paid or incurred in taxable years beginning after December 31, 2024, to the Section 174A(a) deduction method, under which such expenditures are deducted in the taxable year paid or incurred.

The Company evaluated the effects of OBBBA and related guidance, including the elections and method changes described above, on its income tax provision for the six months ended June 30, 2026. The Company concluded that these provisions did not materially affect its condensed consolidated financial statements. The Company continues to monitor additional implementation guidance and enacted state tax conformity changes.

Note 11 – Segment Information

The Company operates as one operating segment, the research and development of its investigational drug product. The Company used the management approach to determine its reportable operating segment. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis. The Company is a clinical-stage pharmaceutical company. The CODM uses net loss as a measure of profit and loss, and assesses Company performance through the achievement of its clinical development goals. The CODM is regularly provided with budgeted and forecasted expense information which is used to determine the Company's liquidity needs and cash

allocation to its development programs. The CODM uses cash and marketable securities as a measure of segment assets in managing the enterprise.

The Company had revenue of \$0 and \$0 for the three and six months ended June 30, 2026, respectively, and \$70 thousand and \$70 thousand for the three and six months ended June 30, 2025, respectively. Depreciation and amortization expense was \$3 thousand and \$5 thousand for the three and six months ended June 30, 2026, respectively and \$44 thousand and \$87 thousand for the three and six months ended June 30, 2025, respectively. The following table illustrates our segment information for significant operating expenses and includes a reconciliation to net loss for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ —	\$ 70	\$ —	\$ 70
Operating Expenses:				
Research and development by significant expense:				
BOLSTER trial	\$ (270)	\$ 605	\$ (320)	1,393
ASCEND trial	27	32	201	53
Chemistry, manufacturing and controls	199	167	390	387
Clinical department	586	991	1,354	2,148
Other ⁽¹⁾	42	458	162	875
Research and development	584	2,253	1,787	4,856
General and administrative by significant expense:				
Corporate	1,483	1,157	2,816	2,302
Investor relations/public relations/communications	214	309	451	640
Finance	598	538	1,183	1,167
Legal	760	327	1,854	551
Business development	156	140	305	267
Share based compensation expense	178	212	471	616
Other ⁽²⁾	19	2	66	387
General and administrative	3,408	2,685	7,146	5,930
Operating loss	(3,992)	(4,868)	(8,933)	(10,716)
Other income, net	1,063	209	1,128	371
Benefit from income taxes	—	—	(387)	(962)
Net loss	\$ (2,929)	\$ (4,659)	\$ (7,418)	\$ (9,383)
Cash and marketable securities	\$ 10,443	\$ 21,970		
⁽¹⁾ Included in Other are the GBM study, FORTIFIDE study and research oncology expenses				
⁽²⁾ Included in Other are facilities expense, human resource and information technology expenses				

Note 12 – Australia Research and Development Tax Incentive

The Company's Australian subsidiary, which conducts core research and development activities, is eligible to receive a refundable tax incentive between 43.5% to 48.5% (depending upon the income tax rate) for qualified research and development activities. As of June 30, 2026 and December 31, 2025, the Company had \$0.2 million and \$0.7 million, respectively, recorded

as an income tax incentive receivable in prepaid and other current assets in the consolidated balance sheets, as the Company determined that the expenses met the eligibility criteria and the amounts claimed are expected to be received shortly after the related tax returns are filed. On February 4, 2026 the Company's Australian subsidiary received a \$0.7 million tax refund from the Australian Taxation Office related to the 2024 tax year.

Note 13 – Contingencies

From time to time, the Company is subject to legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of pending claims cannot be predicted with certainty, the Company does not believe that the outcome of any pending claims will have a material adverse effect on the Company's financial condition or operating results. The Company has elected to recognize expense for legal fees as incurred when the legal services are provided.

Note 14 – Technology Transfer Agreement

Impilo Therapeutics

In July 2023, the Company entered into a technology transfer agreement with Impilo Therapeutics ("Impilo") under which the Company transferred its rights to its tumor penetrating nanocomplex (TPN) platform to Impilo. As consideration for the technology transfer, Impilo issued a total of 766,000 shares of its pre-seed preferred stock to the Company. On October 3, 2023, in connection with the Sanford Burnham Prebys license agreement (see Note 15 - License Agreements) Impilo cancelled the original stock certificate for 766,000 shares and reissued 574,500 shares of its pre-seed preferred stock to the Company.

On March 15, 2024, the Company purchased a Simple Agreement for Future Equity ("SAFE") from Impilo for \$100 thousand. On July 12, 2024, the Company purchased an additional SAFE from Impilo for \$30 thousand. As of June 30, 2026 and December 31, 2025, the Company owned 38.6% of Impilo. These investments were expensed under the equity method of accounting in the prior year in other expense, net in the accompanying statement of operations. The SAFE has a valuation cap of \$30.0 million and an 80% discount rate.

Note 15 – License Agreements

Sanford Burnham Prebys

In December 2015, Cend entered into a license agreement with Sanford Burnham Prebys ("SBP") under which Cend was granted an exclusive, worldwide, royalty-bearing license to certain patent rights and know-how controlled by SBP related to the development of certepetide. At the time the license agreement was entered into, Cend's founding shareholder was an executive at SBP. The agreement provides the Company with the rights to grant and authorize sublicenses to use, sell, and otherwise exploit the patent rights. As consideration for the license, SBP was issued a total of 382,030 shares of common stock. The Company is required to pay an annual license maintenance fee of \$10 thousand increasing to \$20 thousand on year seven of the agreement. The Company could also be required to make milestone payments to SBP upon completion of certain regulatory and commercial milestones. The aggregate potential milestone payments are approximately \$10.6 million. The Company has also agreed to pay SBP royalties of 4% of net sales of products sold by the Company, or through a sublicense, subject to certain reductions. Additionally, the Company is obligated to pay SBP 25% of any sublicensing income received, which, pursuant to the technology transfer agreement with Impilo, resulted in SBP receiving 191,500 shares of the Company's pre-seed preferred stock in Impilo on October 3, 2023.

The agreement will expire upon the later of (i) the final abandonment of all pending patent applications within the licensed patents or (ii) the expiration of the last to expire patent within the licensed patents. The agreement may be terminated in its entirety by the Company at any time by giving SBP sixty days' prior written notice. The agreement may be terminated in its entirety by SBP if the Company, at any time, defaults in the payment of any sum when due and fails to make such payment within thirty days after receipt of written notice. The agreement may be terminated in its entirety by either SBP or the Company (i) in the event of an uncured material breach by the other party, or (ii) in the event the other party (a) files for, or is involuntarily petitioned with, bankruptcy (other than dissolution or winding up for the purposes of reconstruction or amalgamation), (b) makes an assignment of all or substantially all of its assets for the benefit of creditors, or (c) has a receiver or trustee is appointed and is unable to secure a dismissal, stay or other suspension of such proceedings within thirty days. Upon termination of the agreement for any reason, all rights and obligations of the Company with respect to the patents and patent applications shall terminate and revert to SBP.

SBP did not own shares of the Company's common stock as of June 30, 2026.

Note 16 – Research Collaboration and License Agreements***Exclusive License and Collaboration Agreement - Qilu Pharmaceutical***

On January 23, 2026, the Company and Qilu Pharmaceutical Co., Ltd. (“Qilu”) entered into a Mutual Termination Agreement (the “Termination Agreement”) relating to the Exclusive License and Collaboration Agreement between the Company (formerly Cend Therapeutics, Inc. (“Cend”)) and Qilu, relating to the research, development and commercialization of certepetide (formerly known as CEND-1), dated February 11, 2021, as amended on April 26, 2021, and further amended by the Side Letter Agreement, dated November 10, 2023 (collectively the “License and Collaboration Agreement”).

Previously, Cend (which was subsequently acquired by the Company) and Qilu entered into the License and Collaboration Agreement, pursuant to which the Company granted Qilu a royalty-bearing exclusive license for the research, development and commercialization of certepetide in the Greater China territory (including Mainland China, Hong Kong, Macau, and Taiwan). Pursuant to the License and Collaboration Agreement, the Company was eligible to receive up to \$200 million in development and commercial milestone payments and royalties ranging from 10% to 15% on licensed product sales. In consideration for the license, Qilu made an upfront payment of \$10.0 million to Cend, which was recognized as revenue by Cend prior to the Company's acquisition of Cend on September 15, 2022 (the “Cend Merger”). In addition, Cend received and recognized as revenue a \$5.0 million development milestone prior to the Cend Merger. The Company has not received any additional development and commercial milestone payments since the Cend Merger.

Pursuant to the Termination Agreement, the License and Collaboration Agreement is terminated, effective as of January 23, 2026, and is no longer in effect, except that the termination does not relieve the parties from obligations under the License and Collaboration Agreement that accrued prior to the termination and certain other provisions expressly indicated to survive the termination.

Exclusive License and Collaboration Agreement - Kuva Labs

In November 2024, the Company entered into an Exclusive License and Collaboration Agreement (the “Kuva License Agreement”) in which the Company granted an exclusive license to Kuva Labs, Inc. to explore the synergistic potential of the Company's certepetide as a targeting and delivery agent for Kuva's NanoMark™ imaging technology in solid tumors. Under the Kuva License Agreement, Kuva will assume full responsibility for research, development, and commercialization costs, while the Company will be responsible for supplying certepetide for additional consideration pursuant to a Clinical Supply Agreement. In consideration for the license, the Company recognized \$1.0 million as revenue upon delivery of the license in November 2024. The Company was eligible to receive additional development and commercial milestone payments up to \$1.5 million and \$17.5 million, respectively, a 5.0% percent royalty on net sales, and sublicensing revenues of 50%. On November 30, 2025, Kuva defaulted for non-payment of its obligation under the Kuva License Agreement, and were unable to satisfy such obligation during the cure period that expired on December 31, 2025. As a result of the default and failure to cure such default, the Agreement was terminated.

Non-Exclusive License Agreement - Catalent

On October 8, 2025, the Company entered into a worldwide Non-Exclusive License Agreement (the “Non-Exclusive License Agreement” or the “Agreement”) with Catalent, Inc. (“Catalent”), pursuant to which the Company granted to Catalent, on a non-exclusive basis, certain of its intellectual property to exploit use of the Company's novel iRGD cyclic peptide, certepetide, as an antibody drug conjugate (ADC) payload as part of Catalent's SMARTag® ADC platform. Under the Agreement, Catalent will assume full responsibility for research, development, and commercialization costs. In connection with entering into the Non-Exclusive License Agreement, the Company is eligible to receive pre-determined development milestone payments of up to \$10.5 million in the aggregate. The Company is also eligible to receive tiered revenue sharing on future sales and/or partnerships, subject to specified royalty reductions as set forth in the Agreement, as well as a portion of any sublicense consideration received from the grant of any sublicense or similar rights under any of the rights or licenses granted to Catalent under the Agreement. The Agreement will remain in effect until it expires on a product-by-product and country-by-country basis at the end of the royalty term. Either party may terminate the Agreement upon the other party's material breach, subject to specified notice and cure provisions, as well as resulting from the bankruptcy or insolvency of the other party. Catalent may also terminate the Agreement in its entirety at any time by giving the Company at least thirty (30) days prior written notice. In connection with the Agreement, Catalent has agreed to grant the Company a right of first negotiation for a license, in the event Catalent initiates a specific, organized out-licensing process of an asset resulting from the Agreement.

Note 17 – Subsequent Events***Termination of Merger Agreement***

On July 24, 2026, the Company terminated the previously announced Agreement and Plan of Merger, dated as of March 6, 2026, by and among Kuva Labs Inc., a Delaware corporation (“Parent”) and Kuva Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent (“Purchaser”), and the Company (as amended, the “Merger Agreement”), pursuant to Section 8.3(a) of the Merger Agreement (the “Termination”).

Reduction in Force

On August 3, 2026, the board of directors (the “Board”) of the Company approved a reduction in workforce by approximately 72%, effective immediately. The decision was based on cost-reduction initiatives intended to reduce the Company’s ongoing operating expenses and maximize shareholder value as the Company plans to pursue strategic options. Affected employees were offered separation benefits, including severance payments along with temporary healthcare coverage assistance for certain employees. The Company estimates that it will incur approximately \$1.2 million of costs in connection with the reduction in workforce related to severance pay and other related termination benefits, which are expected to be incurred through the quarter ending September 30, 2026. This will be offset by a reversal of approximately \$0.4 million in accrued bonus expense related to the terminated employees, as it was determined such bonuses will not be paid upon termination. The charges the Company expects to incur in connection with this reduction in workforce are subject to a number of assumptions, risks and uncertainties, and actual results may materially differ. The Company may also incur other material charges not currently contemplated due to events that may occur as a result of, or associated with, these actions.

In connection with the reduction in workforce approved by the Board on August 3, 2026, effective as of August 3, 2026, the employment of Dr. Kristen K. Buck, M.D., the Company’s Executive Vice President of R&D and Chief Medical Officer was terminated. Pursuant to the Amended and Restated Employment Agreement, dated as of June 10, 2025, between the Company and Dr. Buck (the “Buck Employment Agreement”), Dr. Buck’s departure from the Company will constitute a termination without Cause (as defined in the Buck Employment Agreement), and, in accordance therewith, subject to Dr. Buck executing a release in favor of the Company, Dr. Buck will be entitled to receive an amount equal to 12 months of her base salary and target bonus compensation and the Company shall pay COBRA premiums for Dr. Buck and her covered dependents for a period of up to 12 months.

In addition, on August 3, 2026, the Board approved a cash retention bonus to James Nisco, the Company’s Senior Vice President, Finance and Treasury and Chief Accounting Officer, in the amount of \$200,000. The cash bonus is payable within thirty (30) days of, and subject to continued employment with the Company through, December 31, 2026; provided that if the applicable executive’s employment is terminated by the Company without “Cause”, then the retention bonus shall be payable within thirty (30) days of the executive’s execution and non-revocation of a release of claims.

Litigation against Kuva

On July 31, 2026, the Company commenced an action in the Court of Chancery of the State of Delaware suing Parent and Purchaser over their breach of the Merger Agreement. Among other things, the Company is seeking payment of the termination fee and damages for the benefits its stockholders expected in connection with the transaction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. There is no guarantee that our clinical development programs will be successful or result in the necessary regulatory approvals. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Cautionary Note Regarding Forward-Looking Statements" herein and under "Risk Factors" in our 2025 Form 10-K. The following discussion should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report and in our 2025 Form 10-K.

Overview

We are a clinical-stage pharmaceutical company dedicated to the discovery, development, and commercialization of innovative therapies for the treatment of solid tumors and other serious diseases. Our investigational product, certepetide (formerly known as LSTA1 or CEND-1), is designed to activate a novel uptake pathway (the C-end rule active transport mechanism) that allows co-administered or tethered (i.e., molecularly bound) anti-cancer drugs to target and penetrate solid tumors more effectively. Certepetide actuates this active transport system in a tumor-specific manner, resulting in systemically co-administered anti-cancer drugs more efficiently penetrating and accumulating in the tumor, while normal tissues are expected to remain unaffected. Certepetide has also been shown to modify the tumor microenvironment ("TME") by reducing T-regulatory cells and augmenting cytotoxic T cells, thereby making tumors more susceptible to immunotherapies while also inhibiting the metastatic cascade (i.e., the spread of cancer to other parts of the body). We, our collaborators and other researchers have amassed and continue to amass significant non-clinical data demonstrating enhanced delivery of a range of existing and emerging anti-cancer therapies, including chemotherapeutics, immunotherapies, and RNA-based therapeutics. In addition, certain preclinical data using certepetide in combination with antibody drug conjugates (ADCs) has been generated as part of our research collaboration with Catalent. These data were presented at a scientific meeting during the fourth quarter of 2025. To date, certepetide has also demonstrated favorable safety, tolerability and activity in completed and ongoing clinical trials designed to enhance delivery of standard-of-care chemotherapy, with and without added immunotherapy, for pancreatic cancer. Certepetide is or has been the subject of several Phase 2 clinical studies globally in a variety of solid tumor types, including metastatic pancreatic ductal adenocarcinoma (mPDAC), cholangiocarcinoma, appendiceal cancer, colon cancer and glioblastoma multiforme in combination with a variety of anti-cancer regimens.

Recent Developments

Termination of Merger Agreement

On July 24, 2026, we terminated the previously announced Agreement and Plan of Merger, dated as of March 6, 2026, by and among Kuva Labs Inc., a Delaware corporation ("Parent") and Kuva Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Purchaser"), and us (as amended, the "Merger Agreement"), pursuant to Section 8.3(a) of the Merger Agreement (the "Termination"). Pursuant to the Merger Agreement, Purchaser agreed to acquire all of our outstanding shares of common stock, par value, \$0.001 per share (the "Common Shares"), validly tendered and not validly withdrawn through a tender offer (the "Offer"), at a purchase price of (i) \$4.00 per Common Share, net to the seller in cash, without interest, plus (ii) one contingent value right (each, a "CVR"), representing the contractual right to receive two contingent cash payments up to an aggregate of \$3.00 per CVR subject to the achievement of certain milestones, in accordance with the terms and subject to the conditions of a contingent value rights agreement. The Offer was to be followed by a merger to acquire all remaining outstanding Common Shares for the same per share consideration paid in the Offer. For a summary of the material terms of the Merger Agreement and the Offer, please see our Current Reports on Form 8-K filed with the Securities and Exchange Commission on March 9, 2026, April 3, 2026, May 4, 2026, May 29, 2026, June 9, 2026 and July 17, 2026 and our Solicitation/Recommendation Statement on Schedule 14D-9 and related amendments filed with the Securities and Exchange Commission on June 10, 2026, July 2, 2026, July 13, 2026, July 17, 2026 and July 21, 2026. During the three and six months ended June 30, 2026, the Company received payments totaling \$1,000,000 from Kuva related to the Merger Agreement, which are recorded in Other income (expense), net in the Consolidated Statements of Operations.

The Termination followed Parent and Purchaser's failure to accept for payment all Common Shares validly tendered and not validly withdrawn pursuant to the Offer after the expiration of the Offer one minute after 11:59 p.m., New York City Time, on July 20, 2026. Parent informed us that Parent had been unable to obtain sufficient financing for purposes of funding the Offer and instructed Equiniti Trust Company, LLC, in its capacity as depository and paying agent for the Offer, to return the Common Shares tendered in the Offer to the holders thereof.

As a result of the Termination, Parent was obligated under the Merger Agreement to pay us a termination fee of \$2,000,000. In addition, we reserved all rights to seek all available legal remedies, including without limitation, damages for Willful Breach (as defined in the Merger Agreement) and any Enforcement Costs (as defined in the Merger Agreement). On July 31, 2026, we commenced an action in the Court of Chancery of the State of Delaware suing Parent and Purchaser over their breach of the Merger Agreement. Among other things, we are seeking payment of the termination fee and damages for the benefits our stockholders expected in connection with the transaction. There can be no assurance that we will be able to obtain damages from Parent or Purchaser, even to the extent legally available in any litigation that we may pursue, due to our limited financial resources available to fund related litigation and to Parent's or Purchaser's potential inability to satisfy with its existing assets any judgment that we might obtain.

Reduction in Force

On August 3, 2026, our board of directors (the "Board") approved a reduction in workforce by approximately 72%, effective immediately. The decision was based on cost-reduction initiatives intended to reduce our ongoing operating expenses and maximize shareholder value as we plan to pursue strategic options. Affected employees were offered separation benefits, including severance payments along with temporary healthcare coverage assistance for certain employees. We estimate that we will incur approximately \$1.2 million of costs in connection with the reduction in workforce related to severance pay and other related termination benefits, which are expected to be incurred through the quarter ending September 30, 2026. This will be offset by a reversal of approximately \$0.4 million in accrued bonus expense related to the terminated employees, as it was determined such bonuses will not be paid upon termination. The charges we expect to incur in connection with this reduction in workforce are subject to a number of assumptions, risks and uncertainties, and actual results may materially differ. We may also incur other material charges not currently contemplated due to events that may occur as a result of, or associated with, these actions.

In connection with the reduction in workforce approved by the Board on August 3, 2026, effective as of August 3, 2026, the employment of Dr. Kristen K. Buck, M.D., our Executive Vice President of R&D and Chief Medical Officer was terminated. Pursuant to the Amended and Restated Employment Agreement, dated as of June 10, 2025, between us and Dr. Buck (the "Buck Employment Agreement"), Dr. Buck's departure from our company will constitute a termination without Cause (as defined in the Buck Employment Agreement), and, in accordance therewith, subject to Dr. Buck executing a release in favor of us, Dr. Buck will be entitled to receive an amount equal to 12 months of her base salary and target bonus compensation and we shall pay COBRA premiums for Dr. Buck and her covered dependents for a period of up to 12 months.

Review of Strategic Alternatives

Our board of directors is assessing strategic options to enhance stockholder value, which may include, but are not limited to, an acquisition, merger, reverse merger, other business combination, sales of assets, liquidation and dissolution or other strategic transactions. There can be no assurance that the process to identify strategic alternatives for our business will result in a successfully consummated transaction. If we are unable to identify a viable strategic alternative or if such a transaction is not completed in a timely manner, or if we are unable to raise additional capital sufficient to fund our operations, our board of directors may determine to pursue liquidation and dissolution or other wind down of our business. In such an event, the amount of cash available for distribution to our stockholders, if any, will depend heavily on the timing of such decision and, ultimately, such liquidation, since the amount of cash available for distribution continues to decrease as we fund our operations while we evaluate our strategic options.

Development Programs

Targeted Solid Tumor Penetration via CendR Active Transport

Many solid tumor cancers, including but not limited to pancreatic ductal adenocarcinoma ("PDAC") and cholangiocarcinoma, are surrounded by dense fibrotic tissue, known as the tumor stroma. This stroma often limits the penetration of anti-cancer therapies including chemotherapy into the tumor and thus limits their efficacy. Emerging immunotherapies, including but not limited to checkpoint inhibitors and adoptive cell therapies (e.g., chimeric antigen receptor T cells (CAR-Ts)), also face challenges in effectively treating solid tumors. Many tumors exhibit an immunosuppressive TME, which suppresses a patient's immune system and can thus limit the effectiveness of immunotherapies and/or contribute to metastases. These factors, i.e., the combination of a dense stroma and an immunosuppressive TME, negatively impact the ability of many therapeutic agents to optimally treat these cancers.

To address the tumor stroma's role as a key impediment to effective treatment, we make use of the C-end rule ("CendR") active transport mechanism, a naturally occurring transport system. Our investigational drug, certepetide (a specific, proprietary *internalizing* R-G-D or iRGD peptide), activates this transport system in a tumor-specific manner (Sugahara, Science, 2010).

Certepetide enables more selective and efficient uptake of systemically administered anti-cancer drugs resulting in more intratumoral drug accumulation. The overall expected result is enhanced anticancer activity without an increase in systemic adverse side effects. While it is possible to couple/tether or conjugate some anticancer drugs to certepetide, we believe that our initial approach of co-administration of certepetide with anti-cancer therapies is advantageous. Co-administration does not create a new chemical entity (“NCE”) with its attendant development and regulatory hurdles, thereby providing an anticipated faster-to-clinic and faster-to-market product opportunity for a range of combination therapies. That said, an attractive life-cycle management strategy for certepetide would be to molecularly bind it to a variety of anti-cancer agents (as an alternative to co-administration), thereby creating new NCEs with the potential for distinct patent protection, compositionally or otherwise.

Certepetide has demonstrated favorable safety, tolerability, and activity to date in clinical trials enhancing the selective delivery of standard-of-care chemotherapies for mPDAC. Certepetide’s cancer targeting characteristics may also enable emerging solid tumor treatment modalities to prove more effective. For example, preliminary results of certepetide in combination with both immunotherapy and chemotherapy are promising.

Certepetide as a treatment for solid tumor cancers in combination with other anti-cancer agents

Certepetide is an investigational drug that actuates the CendR active transport mechanism. Certepetide has been shown to modify the TME, making it less immunosuppressive and thereby making the tumor more susceptible to attack by the immune system while also inhibiting the metastatic cascade. It targets tumor vasculature, endothelial cells, tumor cells and some intratumoral immunosuppressive cells by its selective affinity for alpha-v beta-3 and alpha-v beta-5 integrins that are upregulated on these cells. Certepetide is a nine amino acid cyclic proprietary internalizing RGD (“iRGD”) peptide that, once bound to these integrins, undergoes proteolytic cleavage to release a linear peptide fragment, called a CendR peptide fragment. After dissociation from the integrin receptor, the CendR peptide fragment then binds with high selectivity and affinity to an adjacent receptor, called neuropilin-1, also upregulated in solid tumors, to activate the novel uptake pathway that allows circulating anticancer drugs to more selectively and effectively penetrate solid tumors. The ability of certepetide and iRGD peptides to modify the TME to enhance delivery and efficacy of co-administered drugs has been demonstrated in many preclinical models in a range of solid tumors. We, our collaborators, and research groups around the world have published more than 400 scientific papers related to the benefits of iRGD peptides and the CendR pathway.

Clinically, certepetide has been the subject of multiple Phase 1 and Phase 2 trials. These studies include a Phase 1b/2a study in first line mPDAC patients. Study CEND1-201 was conducted in China by our former licensee, Qilu Pharmaceutical. Two dose levels of certepetide (1.6 and 3.2 mg/kg) were combined with SoC chemotherapy (gemcitabine and nab-paclitaxel). There were 55 patients in the study, 53 of whom were evaluable for efficacy. Twenty-five (25) patients were treated with 1.6 mg/kg certepetide and 28 patients with 3.2 mg/kg certepetide. In the 1.6 mg/kg certepetide group, partial response occurred in 11/25 (44.0%) patients, and stable disease occurred in 12/25 (48%) patients. In the 3.2 mg/kg certepetide group, partial response occurred in 11/28 (39.3%) patients, and stable disease occurred in 12/28 (42.9%) patients. The ORR was 41.5% for all doses. The ORR was 44.0% and 39.3% in the 1.6 mg/kg group and 3.2 mg/kg group, respectively. The DCR was 86.8% for all doses. The DCR in the 1.6 mg/kg group and 3.2 mg/kg group was 92.0% and 82.1%, respectively. The median PFS was 5.82 months for all doses combined. The median PFS was 7.36 months and 5.75 months in the 1.6 mg/kg group and 3.2 mg/kg group, respectively. The median OS was 11.10 months for all doses combined. The median OS was 10.35 months and 11.10 months in 1.6 mg/kg group and in 3.2 mg/kg group, respectively. The adverse event profile at both dose levels was similar to that for SoC alone. Qilu has informed us that they completed enrollment in the Phase 2 CEND1-202 study (n=96) in first line mPDAC in combination with SoC gemcitabine and nab-paclitaxel. We have not received a final clinical study report from the trial nor do we expect to, given that rights to certepetide have reverted to Lisata based on a mutual license termination agreement with Qilu, and there is no obligation on Qilu’s part that such a report is to be received by Lisata. Additionally, since Qilu was the sponsor of the aforementioned Phase 2 trial, Lisata does not own rights to any of the data.

Certepetide was also the subject of a Phase 2b trial in first-line mPDAC patients, the ASCEND trial. We collaborated with the academic sponsor of the ASCEND trial, the Australasian Gastrointestinal Clinical Trials Group (AGITG) now called GI Cancer Trials along with the University of Sydney to conduct the study at 25 sites in Australia and New Zealand. The Phase 2 double-blind, randomized (2:1), placebo-controlled, multi-center ASCEND trial evaluated certepetide in combination with SoC chemotherapy (gemcitabine and nab-paclitaxel) for the treatment of mPDAC. The original ASCEND protocol included one dosing scheme for certepetide. Following the acquisition of Cend Therapeutics and, by extension, certepetide in September 2022, Lisata collaborated with AGITG to amend the protocol to ensure it respected international regulatory standards. Thus, endpoints typically recognized by regulators as primary in registration studies and more effective in guiding next stages of clinical development (e.g., overall survival), were added. The amended protocol was designed to assess the efficacy of two different dosing regimens of certepetide in two separate cohorts: Cohort A, where 95 patients received a single intravenous (IV) dose of certepetide 3.2 mg/kg or placebo in combination with SoC, and Cohort B, where 63 patients received two IV doses of certepetide 3.2 mg/kg or placebo administered 4 hours apart in combination with SoC. The preliminary data from Cohort A were reported at the ASCO GI meeting on January 24, 2025, demonstrating a median overall survival (mOS) of 12.68 months

for the certepetide treated group, compared to 9.72 months for the placebo treated group. Despite a numerical trend in 6-month PFS favoring the certepetide treatment group, no significant improvement in median PFS was observed (mPFS of 5.5 months in both groups). However, the objective response rate (ORR) benefit is positive with 4/65 (6.2%) complete responses in the certepetide treated group, compared to 0/28 (0%) the placebo treated group. The preliminary data from Cohort B were presented at the ESMO-GI meeting in July 2025, demonstrating a six-month progression-free survival (“6MPFS”) of 60.8% for the certepetide-treated group, whereas the 6MPFS in the placebo-treated group was 25%. Median progression-free survival (“mPFS”) was 7.5 months for the certepetide-treated group and 4.7 months for the placebo-treated group. Objective response rate (“ORR”) was 45.2% for the certepetide-treated group and 19% for the placebo-treated group. Median overall survival (“mOS”) was 10.32 months for the certepetide-treated group compared to 9.23 months for the placebo-treated group. A comparison of the preliminary data from Cohorts A and B indicated that the addition of two doses of certepetide (Cohort B regimen) to SoC chemotherapy resulted in a clinically meaningful improvement in both PFS and ORR for patients with mPDAC. We believe that these clinically significant findings provide compelling support for the continued and expedited investigation of certepetide as a novel therapeutic agent for the treatment of metastatic pancreatic cancer. The adverse event profile of Cohorts A and B remain similar in subjects treated with certepetide compared to placebo, confirming previous observations of certepetide’s benign safety profile. Additional data from Cohorts A and B was presented at the ESMO annual meeting in October 2025 with a final study report of the ASCEND study anticipated to be made available in 2026.

Additionally, certepetide is the subject of clinical trials being conducted globally in a variety of solid tumor types and in combination with several chemotherapy and immunotherapy anti-cancer regimens. These include three investigator-initiated trials: a Phase 2a trial in glioblastoma multiforme (GBM) in patients with newly diagnosed GBM, a Phase 1b/2a trial (iLSTA) in locally advanced non-resectable pancreatic ductal adenocarcinoma, and a Phase 1b/2a trial (CENDIFOX) in pancreatic, colon, and appendiceal cancers. Data announcements and final study reports from these investigator-initiated trials are entirely within the purview of the academic sponsors. Lisata’s Phase 2a BOLSTER trial, evaluating a single 3.2 mg/kg dose of certepetide in combination with standards of care in first and second-line cholangiocarcinoma completed and demonstrated no evidence of benefit or increase in adverse events when a single 3.2 mg/kg dose of certepetide was added to standard of care.

Results of Operations

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

The following table summarizes our results of operations for the three months ended June 30, 2026 and June 30, 2025 (in thousands):

	Three Months Ended June 30,		Change
	2026	2025	
Revenue	\$ —	\$ 70	\$ (70)
Operating Expenses:			
Research and development	\$ 584	\$ 2,253	\$ (1,669)
General and administrative	3,408	2,685	723
Total operating expenses	3,992	4,938	(946)
Loss from operations	(3,992)	(4,868)	876
Total other income	1,063	209	854
Benefit from income taxes	—	—	—
Net loss	\$ (2,929)	\$ (4,659)	\$ 1,730

Overall, net losses were \$2.9 million for the three months ended June 30, 2026, compared to \$4.7 million for the three months ended June 30, 2025.

Revenue

We did not have any revenue for the three months ended June 30, 2026. For the three months ended June 30, 2025, revenue totaled \$70 thousand in connection with an upfront license fee related to a research license agreement.

Operating Expenses

For the three months ended June 30, 2026, operating expenses totaled \$4.0 million, compared to \$4.9 million for the three months ended June 30, 2025, representing a decrease of \$0.9 million or 19.2%. Operating expenses are comprised of the following:

- Research and development expenses were approximately \$0.6 million for the three months ended June 30, 2026, compared to \$2.3 million for the three months ended June 30, 2025, representing a decrease of \$1.7 million or 74.1%. This was primarily due to a reduction in expenses associated with our Phase 2a proof-of-concept Bolster trial which completed in the prior year and a reduction in clinical department expenses as a result of the elimination of several positions during the prior year.
- General and administrative expenses were approximately \$3.4 million for the three months ended June 30, 2026, compared to \$2.7 million for the three months ended June 30, 2025, representing an increase of \$0.7 million or 26.9%. This was primarily due to an increase in legal fees and consulting expenses in connection with the proposed acquisition by Kuva Labs Inc.

Historically, to minimize our use of cash, we have used a variety of equity instruments to compensate employees, consultants and other service providers. The use of these instruments has resulted in charges to the results of operations, which have been significant in the past.

Other Income

Total other income was \$1.1 million for three months ended June 30, 2026, compared to \$0.2 million for the three months ended June 30, 2025, representing an increase of \$0.9 million primarily due to a \$1.0 million receipt from Kuva related to the Merger Agreement partially offset by a reduction of investment income of \$0.1 million from cash and cash equivalents as a result of lower investment balances.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

The following table summarizes our results of operations for the six months ended June 30, 2026 and June 30, 2025 (in thousands):

	Six Months Ended June 30,		Change
	2026	2025	
Revenue	\$ —	\$ 70	\$ (70)
Operating Expenses:			
Research and development	1,787	4,856	(3,069)
General and administrative	7,146	5,930	1,216
Total operating expenses	8,933	10,786	(1,853)
Loss from operations	(8,933)	(10,716)	1,783
Total other income	1,128	371	757
Benefit from income taxes	(387)	(962)	(575)
Net loss	<u>\$ (7,418)</u>	<u>\$ (9,383)</u>	<u>\$ 1,965</u>

Revenue

We did not have any revenue for the six months ended June 30, 2026. For the six months ended June 30, 2025, revenue totaled \$70 thousand in connection with an upfront license fee related to a research license agreement.

Operating Expenses

For the six months ended June 30, 2026, operating expenses totaled \$8.9 million, compared to \$10.8 million for the six months ended June 30, 2025, representing a decrease of \$1.9 million or 17.2%. Operating expenses are comprised of the following:

- Research and development expenses were approximately \$1.8 million for the six months ended June 30, 2026, compared to \$4.9 million for the six months ended June 30, 2025, representing a decrease of \$3.1 million or 63.2%. This was primarily due to a reduction in expenses associated with our Phase 2a proof-of-concept Bolster trial which completed in the prior year and a reduction in clinical department expenses as a result of the elimination of several positions during the prior year.
- General and administrative expenses were approximately \$7.1 million for the six months ended June 30, 2026, compared to \$5.9 million for the six months ended June 30, 2025, representing an increase of \$1.2 million or 20.5%. This was primarily due to an increase in legal fees and consulting expenses in connection with the proposed acquisition by Kuva Labs Inc. partially offset by severance costs in the prior year and lower equity expense in the current year.

Historically, to minimize our use of cash, we have used a variety of equity instruments to compensate employees, consultants and other service providers. The use of these instruments has resulted in charges to the results of operations, which have been significant in the past.

Other Income (Expense)

Total other income (expense) is comprised primarily of investment income from cash, cash equivalents and marketable securities and losses on sales of our New Jersey net operating losses for the six months ended June 30, 2026 and 2025.

Total other income was \$1.1 million for the six months ended June 30, 2026, compared to \$0.4 million for the six months ended June 30, 2025, representing an increase of \$0.8 million primarily due to a \$1.0 million receipt from Kuva related to the Merger Agreement partially offset by a reduction of investment income of \$0.3 million from cash and cash equivalents as a result of lower investment balances.

Income Tax Benefit

In February 2026, we received final approval from the New Jersey Economic Development Authority (“NJEDA”) under the Technology Business Tax Certificate Transfer Program (the “Program”) to sell a percentage of our NJ NOLs, which were subsequently sold to a qualifying and approved buyer pursuant to the Program for net proceeds of \$0.3 million. The \$0.4 million of our NJ NOL tax benefits have been recorded as a benefit from income taxes and the loss on sale of \$38 thousand recorded in other income (expense).

In January 2025, we received final approval from the NJEDA under the Program to sell a percentage of our NJ NOLs, which were subsequently sold to a qualifying and approved buyer pursuant to the Program for net proceeds of \$0.9 million. The \$1.0 million of our NJ NOL tax benefits have been recorded as a benefit from income taxes and the loss on sale of \$0.1 million recorded in other income (expense).

Analysis of Liquidity and Capital Resources

As of June 30, 2026, we had cash and cash equivalents of approximately \$10.4 million, working capital of approximately \$8.0 million, and stockholders' equity of approximately \$8.2 million.

During the six months ended June 30, 2026, we met our immediate cash requirements through existing cash balances. Additionally, we used equity and equity-linked instruments to pay for services and compensation.

Net cash (used in) or provided by, operating, investing and financing activities were as follows (in thousands):

	Six Months Ended June 30,	
	2026	2025
Net cash used in operating activities	\$ (5,732)	\$ (9,358)
Net cash provided by investing activities	—	9,936
Net cash provided by financing activities	210	41

Operating Activities

Our cash used in operating activities during the six months ended June 30, 2026 was \$5.7 million, which is comprised of (i) our net loss of \$7.4 million, adjusted for non-cash expenses totaling \$0.6 million (which includes adjustments for equity-based compensation and depreciation), and (ii) changes in operating assets and liabilities providing approximately \$1.1 million.

Our cash used in operating activities during the six months ended June 30, 2025 was \$9.4 million, which is comprised of (i) our net loss of \$9.4 million, adjusted for non-cash expenses totaling \$0.8 million (which includes adjustments for equity-based compensation, depreciation and amortization, and amortization/accretion of marketable securities) and (ii) changes in operating assets and liabilities using approximately \$0.8 million.

Investing Activities

Our cash provided by investing activities during the six months ended June 30, 2026 totaled \$0.

Our cash provided by investing activities during the six months ended June 30, 2025 totaled \$9.9 million and was primarily due to net sales of marketable securities (net of purchases of marketable securities).

Financing Activities

Our cash provided by financing activities during the six months ended June 30, 2026 totaled \$0.2 million and consisted primarily of warrant exercise proceeds of \$0.2 million, option exercise proceeds of \$0.1 million partially offset by tax withholding-related payments on net share settlement equity awards to employees of \$0.2 million.

Our cash used in financing activities during the six months ended June 30, 2025 totaled \$41.0 thousand and consisted of \$0.3 million in proceeds primarily from the issuance of shares through our ATM Agreement (as defined below) partially offset by tax withholding-related payments on net share settlement equity awards to employees of \$0.3 million.

Liquidity and Capital Requirements Outlook

As of June 30, 2026, we had cash and cash equivalents of approximately \$10.4 million. We will need to raise additional capital to fund our operations. However, we cannot guarantee that we will be able to obtain sufficient additional funding or that if we do obtain additional funding, that such funding will be obtainable on terms satisfactory to us.

Based on our current business plan and existing capital resources, management has concluded that there is substantial doubt regarding our ability to continue as a going concern for a period of twelve months from the date of issuance of the accompanying consolidated financial statements. The accompanying financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets and liabilities that may be necessary if we were unable to continue as a going concern.

To meet our short and long-term liquidity needs, including severance payments, we expect to use existing cash balances. Other sources of liquidity could include additional potential issuances of debt or equity securities in public or private financings, partnerships and/or collaborations and/or sale of assets. In addition, we have sued Kuva to receive the termination fee under the Merger Agreement and for damages for the benefits our stockholders expected in connection with the transaction. However, there can be no assurance that we will be able to obtain the termination fee or damages from Kuva. Our history of operating losses and liquidity challenges may make it difficult for us to raise capital on acceptable terms or at all. The demand

for the equity and debt of pharmaceutical companies like ours is dependent upon many factors, including the general state of the financial markets. During times of extreme market volatility, capital may not be available on favorable terms, if at all. Our inability to obtain such additional capital could materially and adversely affect our business operations. On July 24, 2026, following the termination of the Merger Agreement, we announced that our board of directors initiated a process to explore a range of strategic options to enhance stockholder value, which may include, but are not limited to, an acquisition, merger, reverse merger, other business combination, sales of assets, dissolution or other strategic transactions. Our board of directors continues to evaluate potential strategic alternatives. We expect to continue devoting significant time and resources and to incur expenses in identifying and evaluating strategic alternatives for our company, which could have a material adverse effect on our business. A considerable portion of these expenses will be incurred regardless of whether a transaction is completed. Any such expenses will decrease the remaining cash available for use in our business.

As a result of our reduction in force of approximately 72% of our employees, we estimate that we will incur approximately \$1.2 million of costs in connection with the reduction in workforce related to severance pay and other related termination benefits. The charges we expect to incur in connection with this reduction in workforce are subject to a number of assumptions, risks and uncertainties, and actual results may materially differ. We may also incur other material charges not currently contemplated due to events that may occur as a result of, or associated with, these actions.

In the event that we do not successfully identify a viable strategic alternative, or consummate such a transaction, or if we are unable to raise sufficient capital to fund our operations, our board of directors may determine to pursue a liquidation and dissolution or other wind down of our business. In such an event, the amount of cash available for distribution to our stockholders, if any, will depend heavily on the timing of such liquidation as well as the amount of cash that will need to be reserved for commitments and contingent liabilities.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates during the six months ended June 30, 2026, compared to those reported in our 2025 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as amended (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 in the reports that we file under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer, who serves as our principal executive officer, and our Senior Vice President, Finance and Treasury and Chief Accounting Officer, who serves as our principal financial officer (together, the “Evaluating Officers”), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the 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. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

As of June 30, 2026, we evaluated, with the participation of our management, including our Evaluating Officers, 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 Evaluating Officers concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Evaluating Officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15, that occurred during our last quarter to which this Quarterly Report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to the risk factors previously reported in our 2025 Form 10-K. See the risk factors set forth in our 2025 Annual Report on Form 10-K under the caption “Item 1A - Risk Factors.”

Our activities to review and pursue strategic alternatives may not result in a strategic transaction, and even if we do consummate a strategic transaction, there is no assurance that it will deliver the benefits we expect or enhance stockholder value.

On July 24, 2026, following the termination of the Merger Agreement with Kuva and Kuva Acquisition Corp., we announced that our board of directors initiated a process to explore a range of strategic options to enhance stockholder value, which may include, but are not limited to, an acquisition, merger, reverse merger, other business combination, sales of assets, liquidation and dissolution or other strategic transactions. Our board of directors continues to evaluate potential strategic alternatives.

We have not set a definitive timetable for completion of this process, and there can be no assurance regarding the results or outcome of this process. It is possible that we may not pursue a strategic alternative as a result of this process, that a strategic alternative that has been pursued may not be attractive, or that a strategic alternative may not ultimately be consummated. As part of the process, our board of directors will consider a full range of strategic alternatives, including, but not limited to, those identified in range of strategic alternatives described above.

We expect to continue devoting significant time and resources and to incur expenses in identifying and evaluating strategic alternatives for our company, which could have a material adverse effect on our business. A considerable portion of these expenses will be incurred regardless of whether a transaction is completed. Any such expenses will decrease the remaining cash available for use in our business. In addition, potential strategic transactions that require stockholder approval may not be approved by our stockholders or, if required, a counterparty’s stockholders. Further, any strategic transaction that is completed ultimately may not deliver the benefits we expect or enhance stockholder value.

Pursuing or consummating any strategic transaction may disrupt our management or business, require us to incur non-recurring or other charges, increase our near and long-term expenditures, and may pose significant integration challenges, which could adversely affect our operations and financial results. Accordingly, there can be no assurance that we will undertake or successfully complete any strategic transactions of the nature described above and any transactions that we do complete may be subject to the foregoing or other risks and could have a material adverse effect on our business, financial condition and prospects.

In the event that we do not successfully identify a viable strategic alternative, or consummate such a transaction, or if we are unable to raise sufficient capital to fund our operations, our board of directors may determine to pursue a liquidation and dissolution or other wind down of our business. In such an event, the amount of cash available for distribution to our stockholders, if any, will depend heavily on the timing of such liquidation as well as the amount of cash that will need to be reserved for commitments and contingent liabilities.

There can be no assurance that the process to identify strategic alternatives for our business will result in a successfully consummated transaction. If we are unable to identify a viable strategic alternative or if such a transaction is not completed in a timely manner, or if we are unable to raise additional capital sufficient to fund our operations, our board of directors may determine to pursue a liquidation and dissolution or other wind down of our business. In such an event, the amount of cash available for distribution to our stockholders, if any, will depend heavily on the timing of such decision and, ultimately, such liquidation, since the amount of cash available for distribution continues to decrease as we fund our operations while we evaluate our strategic options.

In addition, if our board of directors were to approve and recommend, and our stockholders were to approve, a dissolution and liquidation of our business, we would be required under Delaware law (in addition to paying the costs of the liquidation) to pay our outstanding obligations, as well as to make reasonable provisions for contingent and unknown obligations, prior to making any distributions in liquidation to our stockholders. As a result of this requirement, a portion or all of our assets may need to be reserved pending the satisfaction of such obligations. In addition, we may be subject to litigation or other claims

related to a liquidation and dissolution of our business. If a liquidation and dissolution are pursued, our board of directors, in consultation with its legal and financial advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve.

Accordingly, holders of our securities may suffer a total loss of their investment.

Although we have commenced legal proceedings against Kuva relating to its breach of the Merger Agreement, we are uncertain if we will be successful in obtaining the termination fee and damages from Kuva.

As a result of Kuva's breach and our termination of the Merger Agreement, Kuva is obligated under the Merger Agreement to pay us a termination fee of \$2,000,000. In addition, we reserved all rights to seek all available legal remedies, including without limitation, damages for willful breach (as defined in the Merger Agreement) and any enforcement costs (as defined in the Merger Agreement). Accordingly, we have commenced legal proceedings against Kuva. There can be no assurance that we will be able to obtain damages from Kuva due to our limited financial resources available to fund related litigation and to Kuva's potential inability to satisfy with its existing assets any judgment that we might obtain.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2026, no director or officer of the Company adopted, modified 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 Exhibit Index appearing immediately after the signature page to this Form 10-Q is incorporated herein by reference.

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.

August 6, 2026

LISATA THERAPEUTICS, INC.

By: /s/ David J. Mazzo, PhD

Name: David J. Mazzo, PhD

Title: President & Chief Executive Officer
(Principal Executive Officer)

August 6, 2026

By: /s/ James Nisco

Name: James Nisco

Title: SVP, Finance and Treasury and Chief Accounting Officer (Principal
Financial Officer and Principal Accounting Officer)

LISATA THERAPEUTICS, INC.
FORM 10-Q

Exhibit Index

<u>2.1</u>	Amendment to Agreement and Plan of Merger, dated May 29, 2026, by and among Lisata Therapeutics, Inc., Kuva Labs Inc. and Kuva Acquisition Corp. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 29, 2026)
<u>2.2</u>	Amendment and Waiver to Agreement and Plan of Merger, dated June 8, 2026, by and among Lisata Therapeutics, Inc., Kuva Labs Inc. and Kuva Acquisition Corp. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 9, 2026)
<u>2.3</u>	Form of Contingent Value Rights Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 29, 2026)
<u>31.1</u>	* Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>31.2</u>	* Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>32.1</u>	** 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
<u>32.2</u>	** 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 its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

CERTIFICATIONS UNDER SECTION 302

I, David J. Mazzo, PhD, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lisata 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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 my most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2026

/s/ David J. Mazzo, PhD

Name: David J. Mazzo, PhD

Title: President & Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS UNDER SECTION 302

I, James Nisco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lisata 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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 my most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2026

/s/ James Nisco

Name: James Nisco

Title: Senior Vice President, Finance and Treasury and Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

**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 Lisata Therapeutics, Inc. (the “Company”) for the quarter ended June 30, 2026 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David J. Mazzo, PhD, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

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

Dated: August 6, 2026

/s/ David J. Mazzo, PhD

David J. Mazzo, PhD

President & Chief Executive Officer (Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

**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 Lisata Therapeutics, Inc. (the “Company”) for the quarter ended June 30, 2026 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James Nisco, Senior Vice President, Finance and Treasury and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

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

Dated: August 6, 2026

/s/ James Nisco

James Nisco

Senior Vice President, Finance and Treasury and Chief Accounting
Officer (Principal Financial Officer and Principal Accounting
Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.