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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

OR

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

For the transition period from _____ to _____

Commission File Number 001-36288

Akari Therapeutics, Plc
(Exact name of registrant as specified in its charter)

England and Wales **(State or other jurisdiction of incorporation or organization)**	**98-1034922** **(I.R.S. Employer Identification No.)**
401 East Jackson Street, Suite 3300 **Tampa, FL** **(Address of principal executive offices)**	**33602** **(Zip Code)**

Registrant's telephone number, including area code: (929) 274-7510

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing 80,000 Ordinary Shares, par value $0.000000005 per share	**AKTX**	**The Nasdaq Capital Market**
Ordinary Shares, $0.000000005 par value per share*		**The Nasdaq Capital Market**

* Trading, but only in connection with the American Depositary Shares.

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

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

The number of shares of Registrant’s Ordinary Shares outstanding as of August 13, 2026, was 155,758,529,533.

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GENERAL INFORMATION

Unless otherwise stated or the context requires otherwise, references in this Quarterly Report on Form 10-Q ("Form 10-Q") to "Akari," the "company," the "Company," "we," "us," "our" or similar designations refer to Akari Therapeutics, Plc and its subsidiaries, taken together. All trademarks, service marks, trade names and registered marks used in this report are trademarks, trade names or registered marks of their respective owners.

Statements made in this Form 10-Q concerning the contents of any agreement, contract or other document are summaries of such agreements, contracts or documents and are not complete description of all of their terms. If we filed any of these agreements, contracts or documents as exhibits to this Form 10-Q or to any previous filing with the Securities and Exchange Commission ("SEC"), you may read the document itself for a complete understanding of its terms.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q and the documents we incorporate by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, included or incorporated in this report regarding, among other things, our cash resources and projected cash runway, financial position, our strategy, strategic alternatives, future operations, clinical trials (including, without limitation, the anticipated timing enrollment, and results thereof), collaborations, intellectual property, future revenues, projected costs, fundraising and/or financing plans, prospects, developments relating to our competitors and our industry, the timing or likelihood of regulatory actions, filings and approvals for our current and future drug candidates, and the plans and objectives of management are forward-looking statements. The words "believes," "anticipates," "estimates," "plans," "expects," "intends," "may," "could," "should," "potential," "likely," "projects," "intend," "continue," "will," "schedule," "would," "aim," "contemplate," "estimate," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we will actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may be beyond our control, and which may cause the actual results, performance, or achievements of the Company to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements.

There are a number of important factors that could cause our actual results to differ materially from those indicated or implied by forward-looking statements. These important factors include those set forth under Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 (our "2025 Form 10-K") and Part II "Item 1A. Risk Factors" of this Form 10-Q and in our other disclosures and filings we have made with the SEC. These factors and the other cautionary statements made in this Form 10-Q and the documents we incorporate by reference should be read as being applicable to all related forward-looking statements whenever they appear in this Form 10-Q and the documents we incorporate by reference.

In addition, any forward-looking statements represent our estimates only as of the date that this Form 10-Q is filed with the SEC and should not be relied upon as representing our estimates as of any subsequent date. All forward-looking statements included in this Form 10-Q are made as of the date hereof and are expressly qualified in their entirety by this cautionary notice. We disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as may be required by law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

AKARI THERAPEUTICS, PLC
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)
(unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash	$ 7,694	$ 5,203
Restricted cash	60	60
Prepaid expenses	532	185
Other current assets	38	14
Total current assets	8,324	5,462
Goodwill	—	8,430
Other intangible assets	30,300	34,000
Total assets	$ 38,624	$ 47,892
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,401	$ 8,770
Accrued expenses	3,513	2,342
Convertible notes, net	693	673
Notes payable, net	—	81
Warrant liabilities	116	61
Other current liabilities	212	424
Total current liabilities	13,935	12,351
Derivative liability	—	230
Other non-current liabilities	—	31
Deferred tax liability	6,094	6,952
Total liabilities	20,029	19,564
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Share capital of $0.000000005 par value		
Authorized: 4,365,687,180,943 and 761,963,201,733 ordinary shares at June 30, 2026, and December 31, 2025; issued and outstanding: 140,032,769,533 and 90,536,879,533 ordinary shares at June 30, 2026, and December 31, 2025, respectively	1	—
Additional paid-in capital	243,759	234,318
Capital redemption reserve	59,342	59,342
Accumulated other comprehensive loss	(695)	(782)
Accumulated deficit	(283,812)	(264,550)
Total shareholders' equity	18,595	28,328
Total liabilities and shareholders' equity	$ 38,624	$ 47,892

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

AKARI THERAPEUTICS, PLC
Condensed Consolidated Statements of Operations and Comprehensive Loss
(amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Operating expenses:				
Research and development	$ 2,077	$ 667	$ 3,536	$ 1,480
General and administrative	2,525	2,452	4,694	5,164
Impairment loss on other intangible assets	—	—	3,700	—
Impairment loss on goodwill	—	—	8,430	—
Loss from operations	(4,602)	(3,119)	(20,360)	(6,644)
Other income (expense):				
Interest expense	(80)	(50)	(141)	(105)
Gain on settlement of current liabilities	—	1,190	167	1,244
Change in fair value of warrant liabilities	(99)	134	(55)	80
Foreign currency exchange gain (loss), net	(26)	(50)	38	(175)
Change in fair value of derivative liability	—	—	230	—
Total other income (expense), net	(205)	1,224	239	1,044
Net loss before tax	$ (4,807)	$ (1,895)	$ (20,121)	$ (5,600)
Benefit from deferred income taxes	—	—	859	—
Net loss	(4,807)	(1,895)	(19,262)	(5,600)
Net loss per share — basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted-average number of ordinary shares used in computing net loss per share — basic and diluted	143,317,469,445	62,943,895,665	131,037,241,423	58,766,089,753
Comprehensive loss:				
Net loss	$ (4,807)	$ (1,895)	$ (19,262)	$ (5,600)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment	73	(333)	87	(368)
Total other comprehensive (loss) income, net of tax	73	(333)	87	(368)
Total comprehensive loss	$ (4,734)	$ (2,228)	$ (19,175)	$ (5,968)

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

AKARI THERAPEUTICS, PLC
Condensed Consolidated Statements of Changes in Shareholders' Equity
(amounts in thousands, except share data)
(unaudited)

	Six Months Ended June 30, 2026						
	Share Capital		Additional Paid-in-	Capital Redemption	Accumulated Other Comprehensive	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Reserve	Loss	Deficit	Equity
Balance, December 31, 2025	**90,536,879,533**	**$ —**	**$ 234,318**	**$ 59,342**	**$ (782)**	**$ (264,550)**	**$ 28,328**
Issuance of share capital related to financing, net of issuance costs	1,030,130,000	—	188	—	—	—	188
Stock-based compensation	—	—	305	—	—	—	305
Foreign currency translation	—	—	—	—	14	—	14
Net loss	—	—	—	—	—	(14,455)	(14,455)
Balance, March 31, 2026	**91,567,009,533**	**—**	**234,811**	**59,342**	**(768)**	**(279,005)**	**14,380**
Issuance of share capital related to financing, net of issuance costs	21,127,920,000	—	5,203	—	—	—	5,203
Issuance of share capital for warrant exercises, net of issuance costs	27,337,840,000	1	3,034	—	—	—	3,035
Stock-based compensation	—	—	711	—	—	—	711
Foreign currency translation	—	—	—	—	73	—	73
Net loss	—	—	—	—	—	(4,807)	(4,807)
Balance, June 30, 2026	**140,032,769,533**	**$ 1**	**$ 243,759**	**$ 59,342**	**$ (695)**	**$ (283,812)**	**$ 18,595**

	Six Months Ended June 30, 2025						
	Share Capital		Additional Paid-in-	Capital Redemption	Accumulated Other Comprehensive	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Reserve	Loss	Deficit	Equity
Balance, December 31, 2024	**53,186,919,523**	**$ 5,319**	**$ 212,706**	**$ 52,194**	**$ (738)**	**$ (247,252)**	**$ 22,229**
Issuance of share capital related to financing, net of issuance costs	4,566,062,000	457	1,785	—	—	—	2,242
Stock-based compensation	—	—	1,015	—	—	—	1,015
Foreign currency translation	—	—	—	—	(35)	—	(35)
Net loss	—	—	—	—	—	(3,705)	(3,705)
Balance, March 31, 2025	**57,752,981,523**	**5,776**	**215,506**	**52,194**	**(773)**	**(250,957)**	**21,746**
Issuance of share capital related to financing, net of issuance costs	5,753,878,000	575	3,829	—	—	—	4,404
Issuance of share capital on conversion of convertible notes, related party	387,880,000	39	270	—	—	—	309
Issuance of share capital for payments in kind	1,002,900,000	100	522	—	—	—	622
Vesting of restricted shares	331,822,000	33	—	—	—	—	33
Stock-based compensation	—	—	719	—	—	—	719
Foreign currency translation	—	—	—	—	(333)	—	(333)
Net loss	—	—	—	—	—	(1,895)	(1,895)
Balance, June 30, 2025	**65,229,461,523**	**$ 6,523**	**$ 220,846**	**$ 52,194**	**$ (1,106)**	**$ (252,852)**	**$ 25,605**

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

AKARI THERAPEUTICS, PLC
Condensed Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	Six Months Ended June 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (19,262)	$ (5,600)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,016	1,734
Issuance of share capital for payments in kind	—	27
Accretion of debt issuance costs on convertible notes payable	20	—
Gain on settlement of current liabilities	(167)	(1,244)
Change in fair value of warrant liabilities	55	(80)
Impairment loss on other intangible assets	3,700	—
Impairment loss on goodwill	8,430	—
Change in fair value of derivative liability	(230)	—
Deferred tax benefit	(859)	—
Unrealized foreign currency exchange gains	48	(394)
Change in assets and liabilities:		
Prepaid expenses and other current assets	98	263
Accounts payable, accrued expenses and other current liabilities	1,554	(112)
Net cash used in operating activities	(5,597)	(5,406)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares, net of issuance costs	8,426	5,879
Proceeds from issuance of restricted shares	—	33
Proceeds from issuance of pre-funded warrants	—	330
Repayments of notes payable	(81)	(455)
Payments on short-term financing arrangement	(257)	(273)
Net cash provided by financing activities	8,088	5,514
Effect of exchange rates on cash	—	4
Net change in cash	2,491	112
Cash and restricted cash at beginning of period	5,263	2,659
Cash and restricted cash at end of period	$ 7,754	$ 2,771
Components of cash and restricted cash		
Cash	$ 7,694	$ 2,711
Restricted cash	60	60
Total cash and restricted cash	$ 7,754	$ 2,771
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:		
Financing costs in accrued expenses	$ —	$ 233
Issuance of share capital for settlement of convertible notes, related party	$ —	$ 309
Issuance of share capital for settlement of related party debt	$ —	$ 1,000
Issuance of share capital for payments in kind	$ —	$ 595
Short-term financing arrangement	$ 469	$ 499
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	$ 17	$ 15
Cash paid for income taxes	$ 90	$ —

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

Note 1. Description of Business

Business Overview

Akari Therapeutics, Plc, (the "Company" or "Akari") is incorporated in the United Kingdom. The Company is developing next-generation antibody-drug conjugates ("ADCs") through its proprietary technology platform that enables the Company to establish a pipeline of ADC candidates that target and kill cancer cells and stimulate the immune system, all while overcoming the limitations inherent in existing ADC therapies. The Company's activities since inception have consisted of performing research and development activities and raising capital.

The Company is subject to a number of risks similar to those of pre-clinical and clinical stage companies, including dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with clinical trials of products, dependence on third-party collaborators for research and development operations, need for marketing authorization of products, risks associated with protection of intellectual property, and competition with larger, better-capitalized companies.

To fully execute its business plan, the Company will need, among other things, to complete its research and development efforts, preclinical and regulatory activities, and clinical trials. These activities may take several years and will require significant operating and capital expenditures in the foreseeable future. There can be no assurance that these activities will be successful. If the Company is not successful in these activities it could delay, limit, reduce or terminate its preclinical studies or other discovery and research activities.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and the rules and regulations of the SEC and assumes that the Company will continue to operate as a going concern. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements have been prepared on the same basis as the Company's annual consolidated financial statements and, in the opinion of management, reflect all adjustments, including normal and recurring adjustments, which the Company considers necessary for the fair statement of financial information. The results of operations and comprehensive loss for the three and six months ended June 30, 2026, are not necessarily indicative of expected results for the fiscal year ending December 31, 2026, or any other future period. The condensed consolidated balance sheet at December 31, 2025, has been derived from the audited consolidated financial statements at that date. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of December 31, 2025, and notes thereto included in its Form 10-K, as filed with the SEC on March 30, 2026.

Use of estimates

The preparation of the Company's condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, expenses and related disclosures. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, the valuation of warrant liabilities and the impairment assessment of goodwill and indefinite-lived intangible assets. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. Estimates are periodically reviewed considering changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ from those estimates or assumptions.

Liquidity and Financial Condition

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 205-40, *Presentation of Financial Statements—Going Concern*, which requires management to assess the Company's ability to continue as a going concern within one year after the date the consolidated financial statements are issued.

The Company has incurred substantial losses and negative cash flows since inception and had an accumulated deficit of $283.8 million as of June 30, 2026. The Company's cash balance of $7.7 million as of June 30, 2026, is not sufficient to fund its operations for the one-year period after the date these condensed consolidated financial statements are issued. These factors raise substantial doubt about the Company's ability to continue as a going concern for at least a one-year period following the issuance of these condensed consolidated financial statements. The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in research and development. The Company is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as uncertainty of preclinical research outcomes, uncertainty of additional funding, and history of operating losses. Substantial additional financing will be needed by the Company to fund its operations. Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include but are not limited to private placements and/or public offerings of equity and/or debt securities, and strategic research and development collaborations and/or similar arrangements. There can be no assurance that these future funding efforts will be successful.

Par Value Change

Effective December 15, 2025, shareholders approved to sub-divide each of the ordinary shares with a par value of $0.0001 into one ordinary share with a par value $0.000000005 and 19,999 deferred shares with a par value $0.000000005 (the "Deferred Shares"), with such shares having the rights and being subject to the restrictions as set out in the new Articles of Association. As a result, the number of outstanding ordinary shares of the Company remained unchanged and there were 1,429,517,750,998,477 Deferred Shares created. The deferred shares were repurchased and cancelled, and the Company issued 10 ordinary shares in connection with a buyback agreement. The rights attached to the ordinary shares, with a par value of $ 0.000000005 (including voting and dividend rights and rights on a return of capital) are identical in all respects to the previously outstanding ordinary shares with a par value of $0.0001. The Deferred Shares have limited rights and are effectively valueless. There is no direct effect on the value of an ADS.

ADS Ratio Change

Effective March 31, 2026, the Company changed the ratio of its American Depositary Shares ("ADS") to ordinary shares, par value $0.000000005 per share, from one ADS representing 2,000 ordinary shares to a new ratio of one ADS representing 80,000 ordinary shares (the "ADS Ratio Change"). All ADS and per ADS amounts in the accompanying condensed consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to reflect the ADS Ratio Change.

Nasdaq Continued Listing Rules

On November 24, 2025, the Company received a letter ("Letter") from the Listing Qualifications Staff (the "Staff") of The Nasdaq Capital Market ("Nasdaq") indicating that the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2) because the bid price for the Company's ADS had closed below $1.00 per share (the "Minimum Bid Requirement") for the previous thirty consecutive business days. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company had 180 calendar days from the date of such notice, or until May 25, 2026, to regain compliance with the Minimum Bid Requirement. Following the successful completion of the ADS Ratio Change, the Company received a letter from the Nasdaq Office of General Counsel notifying the Company that the Company has regained compliance with the Minimum Bid Requirement.

Note 2. Summary of Significant Accounting Policies

The significant accounting policies and estimates used in the preparation of the accompanying unaudited condensed consolidated financial statements are described in the Company's audited consolidated financial statements for the year ended December 31, 2025, included in the Company's Annual Report on Form 10-K filed with the SEC on March 30, 2026. There have been no material changes in the Company's significant accounting policies during the three and six months ended June 30, 2026.

Recent accounting pronouncements

Periodically, new accounting pronouncements are issued by the FASB or other standard setting bodies. Recently issued standards typically do not require adoption until a future effective date. Prior to their effective date, we evaluate the pronouncements to determine the potential effects of adoption on our accompanying unaudited condensed consolidated financial statements. During the first six months of 2026, no new accounting pronouncements issued or effective in the period had or are expected to have a material impact on our accompanying unaudited condensed consolidated financial statements.

Note 3. Goodwill and Intangible Assets

The following table presents information about the Company's goodwill and IPR&D assets:

	June 30, 2026		
(In thousands)	**Gross Carrying Amount**	**Cumulative Impairment Charge**	**Net Book Value**
AKTX-101	$ 34,000	$ 3,700	$ 30,300
Total other intangible assets	$ 34,000	$ 3,700	$ 30,300
Goodwill	$ 8,430	$ 8,430	$ —

	December 31, 2025		
(In thousands)	**Gross Carrying Amount**	**Cumulative Impairment Charge**	**Net Book Value**
AKTX-101	$ 34,000	$ —	$ 34,000
PHP-303	5,180	5,180	—
Total other intangible assets	$ 39,180	$ 5,180	$ 34,000
Goodwill	$ 8,430	$ —	$ 8,430

The Company's IPR&D and goodwill are tested for impairment at least annually, or more frequently if impairment indicators are present. Due to a sustained decline in the Company's ADS price and market capitalization during the quarter ended March 31, 2026, a quantitative impairment test was triggered for both the Company's IPR&D and goodwill.

The Company first reviewed its AKTX-101 IPR&D asset considering updated development and valuation assumptions. The updated assumptions included refinements to the expected development timelines and probability weighted cash flows to reflect current market conditions, capital availability considerations, and the heightened uncertainty inherent in advancing the program under these conditions, as well as an increase in the discount rate to reflect the overall risk profile of the asset. The estimated fair value of the IPR&D asset was determined using the multi-period excess earnings method and requires management judgment with respect to forecasted gross revenues, revenue and expense growth rates, timing of clinical trials and overall probability of success, and the selection and use of an appropriate discount rate. As a result of the impairment analysis, the Company recorded an impairment charge of $3.7 million in the condensed consolidated statement of operations and comprehensive loss during the six months ended June 30, 2026. There was no impairment charge recognized on the AKTX 101-IPR&D asset during the three months ended June 30, 2026, and the three and six months ended June 30, 2025.

The Company then performed a quantitative goodwill impairment assessment as of March 31, 2026. The fair value of the reporting unit was estimated using an income approach based on a discounted cash flow model and was compared to the Company's overall market capitalization. As a result, the estimated fair value of the reporting unit was determined to be lower than its carrying value, and the Company recorded a non-cash goodwill impairment charge of $8.4 million in the condensed consolidated statement of operations and comprehensive loss during the six months ended June 30, 2026. There was no impairment charge recognized on goodwill during the three months ended June 30, 2026, and the three and six months ended June 30, 2025.

Note 4. Accrued Expenses

Accrued expenses consisted of the following as of June 30, 2026, and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Employee compensation and benefits	$ 424	$ 780
External research and development expenses	1,277	299
Professional and consulting fees	1,233	814
Other	579	449
Total accrued expenses	$ 3,513	$ 2,342

Note 5. Convertible Notes and Notes Payable

September 2024 Note Payable

In November 2024, the Company assumed a promissory note originally issued by Peak Bio Inc. ("Peak Bio") in September 2024 in the amount of $0.3 million (the "September 2024 Note") to its former California landlord. Due to the short-term nature of the September 2024 Note, the Company concluded that its carrying value approximated its fair value as of the closing of our business combination with Peak Bio on November 14, 2024 (the "Merger Closing"). The September 2024 Note bears no interest and is payable over twenty equal monthly instalments beginning on November 1, 2024, and expiring on June 1, 2026.

As of June 30, 2026, and December 31, 2025, the outstanding balance on the September 2024 Note was $0 and less than $0.1 million, respectively.

April 2023 Convertible Notes

In November 2024, the Company assumed convertible promissory notes issued by Peak Bio in April 2023 in the principal amount of a total of $0.7 million (the "April 2023 Convertible Notes"). The April 2023 Convertible Notes permitted the holder to convert the outstanding principal and accrued interest at any time at a price of $81.60 per ADS (representing $0.00102 per underlying Ordinary Share of the Company). Due to the short-term nature of the April 2023 Convertible Notes, the Company concluded that its carrying value approximated its fair value as of the Merger Closing on November 14, 2024. The April 2023 Convertible Notes were originally due on October 31, 2024, and bore interest at a default rate of 10% per annum.

The Company evaluated the embedded conversion and other features within the April 2023 Convertible Notes to determine whether any of the embedded features should be bifurcated from the host instrument and accounted for as a derivative at fair value. Based on management's evaluation, the Company determined that the April 2023 Convertible Notes were not issued at a substantial premium and none of the embedded features were required to be bifurcated and accounted for separately.

On September 19, 2025, the Company entered into a letter agreement (the "April 2023 Convertible Notes and Warrants Amendment") with the holders of the April 2023 Convertible Notes to (i) extend the maturity date of the April 2023 Convertible Notes to August 31, 2026, (ii) amend the conversion price of the April 2023 Convertible Notes to $32.40 per ADS (representing $0.000405 per underlying Ordinary Share) and permit the holders of the April 2023 Convertible Notes to voluntarily convert, in whole or in part, the outstanding principal and accrued but unpaid interest on the April 2023 Convertible Notes into ADSs at any time, (iii) extend the expiration date of warrants held by the April 2023 Convertible Note holders ("April 2023 Peak Bio Convertible Noteholder Warrants") from April 28, 2028 to August 31, 2030, and (iv) amend the exercise price of the April 2023 Peak Bio Convertible Noteholder Warrants to $32.40 per ADS (representing $0.000405 per underlying Ordinary Share).

The Company accounted for April 2023 Convertible Notes and Warrants Amendment as a debt extinguishment in accordance with ASC 470. As the present value of the future cash flows was substantially different than the net carrying value of the original debt, a loss on debt extinguishment of less than $0.1 million was recognized during the three months ended September 30, 2025. The discount of less than $0.1 million is being amortized as interest expense over the term of the convertible notes using the effective interest method.

In November 2024, in connection with the acquisition of Peak Bio, the April 2023 Peak Bio Convertible Noteholder Warrants were accounted for as a liability, as the April 2023 Peak Bio Convertible Noteholder Warrants were not considered indexed to the Company's own stock in the manner contemplated by ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*. Following the April 2023 Convertible Notes and Warrants Amendment on September 19, 2025, the Company determined that the amended April 2023 Peak Bio Convertible Noteholder Warrants for the issuance of 8,560 ADSs (equivalent to 684,840,000 Ordinary Shares) met the requirements to be considered indexed to the Company's own stock and therefore were reclassified to equity. The fair value of the warrant liability, immediately prior to the modification, was $109,700 at the reclassification date. The Company determined the fair value of the April 2023 Peak Bio Convertible Noteholder Warrants after the modification, using a Black Scholes Option Pricing Model was $191,800 based on a stock price of $0.81, expected volatility of 86%, a risk-free rate of 3.68% and an expected term of 5 years. The change in fair value of $82,100 was recognized as additional paid in capital during the three months ended September 30, 2025.

The Company recognized interest expense, including amortization of the discount of less than $0.1 million, in each of the three and six months ended June 30, 2026 and 2025.

As of June 30, 2026, and December 31, 2025, accrued interest on the April 2023 Convertible Notes of less than $0.1 million are presented within accrued expenses in the Company's condensed unaudited consolidated balance sheets.

Note 6. Shareholders' Equity

Ordinary Shares

On June 30, 2026, the Company's shareholders approved an increase to the number of authorized ordinary shares, par value $0.000000005 (the "Ordinary Shares"). The Company can issue up to 4,000,000,000,000 ordinary shares plus 365,687,180,943 ordinary shares previously granted under previous allotments. All previously unallocated authorized shares were revoked. Accordingly, as of June 30, 2026, the Company was authorized to issue up to 4,365,687,180,943 ordinary shares.

Currently, each ADS represents 80,000 ordinary shares (the "ADS Ratio"). All ADS and per ADS amounts in the accompanying condensed consolidated financial statements reflect the ADS Ratio.

White Lion Ordinary Share Purchase and Registration Rights Agreements

On August 29, 2025 (the "Execution Date"), the Company entered into an Ordinary Share Purchase Agreement (the "ELOC Purchase Agreement") and a Registration Rights Agreement (the "White Lion RRA") with White Lion Capital, LLC, a Delaware limited liability company ("White Lion"). Pursuant to the ELOC Purchase Agreement, the Company has the right, but not the obligation, to require White Lion to purchase, from time to time, up to $25,000,000 in aggregate gross purchase price of newly issued Ordinary Shares (the "Commitment Amount"), which may be exchanged for ADSs, subject to certain limitations and conditions set forth in the ELOC Purchase Agreement.

The Company does not have a right to commence any sales of Ordinary Shares to White Lion under the ELOC Purchase Agreement until all conditions to the Company's right to commence sales, as set forth in the ELOC Purchase Agreement, have been satisfied, including that a registration statement covering the resale of such shares is declared effective by the SEC and the final form of prospectus is filed with the SEC. Over the period ending on the earlier of (i) the date on which the Purchaser shall have purchased Ordinary Shares pursuant to the ELOC Purchase Agreement for an aggregate purchase price equal to the Commitment Amount or (ii) August 29, 2028 (the "Commitment Period"), subject to the conditions of the ELOC Purchase Agreement, the Company will control the timing and amount of any sales of Ordinary Shares to the Purchaser. Actual sales of Ordinary Shares to the Purchaser under the ELOC Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the ADSs, and determinations made by the Company as to appropriate levels and sources of funding.

The purchase price of the Ordinary Shares that the Company elects to sell to the Purchaser pursuant to the ELOC Purchase Agreement will be determined based on the type of notice to purchase ADSs under the ELOC Purchase Agreement (each, a "Purchase Notice") issued, as follows:

- Rapid Purchase Option 1: The lowest traded price of the ADSs on the notice date.
- Rapid Purchase Option 2: 97% of the lowest traded price of the ADSs during the two hours following the Purchaser's confirmed receipt of the notice.
- Rapid Purchase Option 3: The lowest of (i) the opening price of the ADSs on the notice date, (ii) the closing price of the ADSs on the prior business day, or (iii) the volume-weighted average price (VWAP) on the notice date, with a 20% discount if the trading price is below the opening price.
- VWAP Purchase: 97% of the lowest daily VWAP during a two-day valuation period for the first $12,500,000 of closings, and 98% thereafter.

In no event may the Company issue to the Purchaser under the ELOC Purchase Agreement more than 13,039,369,358 Ordinary Shares (the "Exchange Cap"), which equals 19.99% of the Company's outstanding Ordinary Shares as of the Execution Date, unless the Company obtains shareholder approval to issue shares in excess of the Exchange Cap or the average price paid for all Ordinary Shares issued under the agreement is equal to or greater than the Minimum Price (as defined in the ELOC Purchase Agreement). In any event, the ELOC Purchase Agreement provides that the Company may not issue or sell any Ordinary Shares if such issuance or sale would breach any applicable Nasdaq rules.

The ELOC Purchase Agreement prohibits the Company from directing the Purchaser to purchase any Ordinary Shares if those shares, when aggregated with all other Ordinary Shares then beneficially owned by the Purchaser (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended), would result in the Purchaser beneficially owning more than 4.99% of the outstanding Ordinary Shares (the "Beneficial Ownership Limitation"), which may be increased to 9.99% at the Purchaser's discretion upon 61 days' prior written notice.

As consideration for the Purchaser's execution of the ELOC Purchase Agreement, the Company will pay a document preparation fee of $15,000, to be deducted from the proceeds related to the first Purchase Notice, and cash commitment fees of $37,500 when aggregate Purchase Notices exceed $500,000 and $87,500 (or $125,000 if $1,000,000 is reached first) when aggregate Purchase Notices exceed $1,000,000. Additionally, if the Company fails to close at least $625,000 in purchases by the 180th day after the Registration Statement's effective date, the Company will issue ADSs, represented by Ordinary Shares, equivalent to $75,000 divided by the lowest traded ADS price during a 10-day period preceding that date (the "Commitment Shares").

Concurrently with the ELOC Purchase Agreement, the Company and the Purchaser entered into the White Lion RRA, pursuant to which the Company agreed to file a registration statement on Form S-1 (or any successor form) with the SEC within thirty (30) calendar days following August 29, 2025, to register the resale of the maximum number of Registrable Securities (as such term is defined in the White Lion RRA) (including the Ordinary Shares, Commitment Shares, and ADSs representing such shares) permitted by applicable SEC rules (the "ELOC Resale Registration Statement"). The Company filed the ELOC Resale Registration Statement on August 29, 2025, which was subsequently amended on June 26, 2026, and was declared effective by the SEC on July 7, 2026.

The ELOC Purchase Agreement was accounted for as a standby equity purchase agreement under ASC 815 as it includes an embedded put option and an embedded forward option. The put option is recognized on inception, and the forward option is recognized upon issuance of notice for the sale of the Company's Common Stock. The fair value of the derivative liability related to the embedded put option ("White Lion Derivative Liability) was $100,000 at the inception of the agreement. The fair value of the White Lion Derivative Liability was determined using a Monte Carlo simulation based on the projected stock price of $0.76, expected volatility of 97%, risk-free rate of 3.52% and discounted at 71.3% for the probability of the Company timely filing all SEC documents and meeting the NASDAQ listing requirements. At June 30, 2026, the White Lion Derivative Liability was remeasured and had no value.

As of June 30, 2026, the Company had no outstanding purchase notices issued to White Lion.

December 2025 Registered Direct Offering

In December 2025, the Company closed a registered direct offering (the "December 2025 Registered Direct Offering") with institutional and non-institutional investors providing for the issuance and sale 19,057,418,000 ordinary shares of the Company (238,217 ADSs) and series G warrants ("Series G Warrants") to purchase up to 19,057,418,000 ordinary shares (238,217 ADSs). The combined purchase price per each ADS and accompanying Series G was $15.53.

Concurrent with the closing of the December 2025 Registered Direct Offering, the Company entered into a side letter with one non-institutional investor pursuant to which the Company agreed to issue 1,030,130,000 ordinary shares (12,876 ADSs) and Series G Warrants to purchase 1,030,130,000 ordinary shares (12,876 ADSs), not included in the total closing amount above, upon receipt of subscription amount of approximately $0.2 million, which such subscription amount was received on January 15, 2026. The closing of this issuance occurred on January 30, 2026.

The Series G Warrants are exercisable at a price of $15.53 per ADS. The Series G Warrants became exercisable on March 2, 2026, and have a five-year term. The Company determined that the Series G Warrants met all of the criteria for equity classification. Accordingly, each of the Series G Warrants issued on the January 30, 2026 closing was recorded as a component of additional paid-in capital.

Net proceeds from the second closing of the December 2025 Registered Direct Offering was approximately $0.2 million.

May 2026 Private Placement

In May 2026, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain investors pursuant to which the Company sold and issued in a private placement (the "May 2026 Private Placement") (i) 21,127,920,000 ordinary shares (264,099 ADSs), (ii) prefunded warrants ("Prefunded Warrants") to purchase up to 96,519,120,000 ordinary shares (1,206,489 ADSs), (iii) series H warrants ("Series H Warrants") to purchase up to 117,647,040,000 ordinary shares (1,470,588 ADSs), (iv) series I warrants ("Series I Warrants") to purchase up to 117,647,040,000 ordinary shares (1,470,588 ADSs), and (v) series J warrants ("Series J Warrants", and, with the Pre-Funded Warrants, Series H Warrants and Series I Warrants, the "May 2026 Warrants") to purchase up to 117,647,040,000 ordinary shares (1,470,588 ADSs). The combined purchase price per each ADS or Prefunded Warrant and accompanying Series H, Series I and Series J Warrant was $3.74. The May 2026 Private Placement closed in two tranches on May 26, 2026, and June 26, 2026.

The Series H Warrants, Series I Warrants, and Series J Warrants were issued on June 30, 2026, following the obtainment of requisite shareholder approval and are exercisable at a price of $3.74 per ADS. The Series H Warrants have an eighteen-month term, and the Series I and J warrants have a five-year term. The Company determined that the Series H Warrants, the Series I Warrants, the Series J Warrants, and the Prefunded Warrants met all the criteria for equity classification. Accordingly, upon closing of the May 2026 Private Placement, each of the Series H Warrants, the Series I Warrants, the Series J Warrants, and the Prefunded Warrants were recorded as a component of additional paid-in capital.

At close of the May 2026 Private Placement, the Company incurred a total of approximately $0.1 million in placement agent fees with Paulson Investment Company, LLC ("Paulson") and were required to issue 9,411,760,000 ordinary shares (117,647 ADSs) (the "Paulson ADSs") pursuant to a placement agent agreement, dated May 20, 2026, by and between the Company and Paulson (the "Paulson PAA"), which were issued on July 7, 2026.

Pursuant to the Purchase Agreement and the Paulson PAA, the Company agreed to prepare and file a registration statement on Form S-3 (or Form S-1 if the Company is not then eligible to use Form S-3) with the SEC no later than thirty days following June 26, 2026 to register the resale of the ADSs (including ADSs issuable upon exercise of the May 2026 Warrants) and the Paulson ADSs purchased or issued pursuant to the Purchase Agreement and the Paulson PAA (the "May 2026 Resale Registration Statement"). The May 2026 Resale Registration Statement was filed on July 2, 2026, as amended on July 8, 2026 and July 10, 2026, and was declared effective by the SEC on July 13, 2026.

Net proceeds from the May 2026 Private Placement were approximately $5.2 million.

Warrants

In connection with various previous financing transactions, the Company has issued warrants to purchase the Company's ordinary shares represented by ADSs. The Company accounts for such warrants as equity instruments or liabilities, depending on the specific terms of the warrant agreement.

The following table summarizes the Company's outstanding warrants as of June 30, 2026, and December 31, 2025:

	Number of Warrant ADSs		Weighted-Average Exercise Price	Expiration Date
	June 30, 2026	December 31, 2025		
Equity-classified Warrants				
May 2026 Investor Prefunded Warrants	1,206,489	—	$ —	None
December 2025 Investor Prefunded Warrants	180,935	301,653	$ —	None
May 2026 Series H Investor Warrants	1,470,588	—	$ 3.74	12/31/2027
May 2026 Series I Investor Warrants	1,470,588	—	$ 3.74	6/30/2031
May 2026 Series J Investor Warrants	1,470,588	—	$ 3.74	6/30/2031
April 2025 Investor Prefunded Warrants	—	41,250	$ 8.00	None
October 2023 Investor Prefunded Warrants	1,209	1,209	$ 8.00	None
December 2025 Series G Investor Warrants	256,140	302,301	$ 15.53	3/2/2031
December 2025 Note Exchange Warrants	116,846	237,564	$ 16.16	3/2/2031
December 2025 Placement Agent Warrants	12,604	12,604	$ 19.42	12/16/2030
April 2023 Peak Bio Warrants	8,559	8,559	$ 32.40	8/30/2030
March 2025 Series A Investor Warrants	—	8,861	$ 34.80	3/6/2026
March 2025 Investor Warrants	105,285	105,285	$ 34.80	3/6/2030
April 2025 Series A Investor Warrants	—	28,036	$ 34.80	4/25/2026
April 2025 Investor Warrants	232,258	232,258	$ 34.80	4/25/2030
October 2025 Series E Investor Warrants	78,124	78,124	$ 39.20	12/15/2030
October 2025 Series F Investor Warrants	78,124	78,124	$ 39.20	6/15/2028
October 2025 Placement Agent Warrants	3,123	3,123	$ 40.00	10/14/2030
May 2024 Investor Warrants	100,739	100,739	$ 70.79	May-Jun 2027
March 2024 Placement Agent Warrants	3,298	3,298	$ 74.00	3/27/2029
May 2024 Placement Agent Warrants	8,056	8,056	$ 75.40	5/31/2029
November 2024 Investor Warrants	42,832	42,832	$ 90.40	Dec 2027-Jun 2028
October 2023 Placement Agent Warrants	1,058	1,058	$ 165.20	10/6/2028
March 2022 Investor Warrants	4,637	4,637	$ 1,120.00	3/10/2027
March 2022 Placement Agent Warrants	364	364	$ 1,200.00	3/10/2027
December 2021 Investor Warrants	2,681	2,681	$ 1,320.00	1/4/2027
December 2021 Placement Agent Warrants	208	208	$ 1,400.00	12/29/2026
July 2021 Placement Agent Warrants	487	487	$ 1,856.00	7/7/2026
	6,855,820	1,603,311		
Liability-classified Warrants				
April 2023 Peak Bio Warrants	21,107	21,107	$ 81.60	4/28/2028
September 2022 Series B Investor Warrants	12,988	12,988	$ 680.00	9/14/2029
November 2022 Peak Bio Warrants	39,432	39,432	$ 1,567.20	11/1/2027
	73,527	73,527		
Total outstanding	6,929,347	1,676,838		

The following table summarizes the Company's warrants activity for the six months ended June 30, 2026:

	Number of Warrant ADSs	Weighted-Average Exercise Price
Outstanding at December 31, 2025	1,676,838	$ 73.61
Issued	5,631,129	2.97
Exercised	(341,723)	9.14
Expired	(36,897)	34.80
Outstanding at June 30, 2026	6,929,347	$ 19.58

During the three months ended June 30, 2026, certain holders of the December 2025 Investor Prefunded Warrants, April 2025 Prefunded Warrants, December 2025 Series G Warrants, and December 2025 Note Exchange Warrants exercised warrants to purchase an aggregate of 27,337,840,000 ordinary shares (341,723 ADSs) of the Company through cash exercises. The net proceeds from these exercises were $3.0 million. The proceeds received from the warrant exercises were recorded as an increase to additional paid-in capital within shareholders' equity. No gain or loss was recognized upon the exercise of the warrants.

Note 7. Stock-Based Compensation

Stock Options

The following is a summary of the Company's stock option activity, with each ADS representing 80,000 Ordinary Shares, under the 2014 Equity Incentive Plan, 2023 Equity Incentive Plan and the Peak Bio 2022 Long Term Incentive Plan for the six months ended June 30, 2026:

	Number of Stock Option ADSs	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	170,137	$ 109.65	8.8	$ —
Granted	96,092	13.07		
Exercised	—	—		
Forfeited	(13,867)	52.21		
Expired	(16,664)	295.14		
Outstanding at June 30, 2026 (1)	235,698	$ 60.54	5.2	$ 31
Exercisable at June 30, 2026	132,068	$ 77.67	5.7	$ 31

(1) Includes both vested stock options as well as unvested stock options for which the requisite service period has not been rendered but that are expected to vest based on achievement of a service condition.

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the options and the fair value of the Company's ADSs for those options that had exercise prices lower than the fair value of the Company's ordinary shares.

The weighted-average grant-date fair value per ADS of options granted during each of the six months ended June 30, 2026 and 2025 was $10.33 and $59.60, respectively.

Option Valuation

The weighted-average assumptions that the Company used to determine the fair value of share options granted were as follows, presented on a weighted average basis:

	Six Months Ended June 30,	
	2026	**2025**
Expected volatility	111.1%	95.3%
Risk-free interest rate	4.2%	4.0%
Expected dividend yield	—	—
Expected term (in years)	5.4	5.8

Restricted Stock Units

The 2023 Plan provides for the award of RSUs. RSUs are granted to employees and consultants and are subject to time-based vesting conditions, assuming continued service. Compensation cost for time-based RSUs, which generally vest only on continued service, is recognized on a straight-line basis over the requisite service period based on the grant date fair value of the RSUs, which is derived from the Nasdaq closing price of the Company's ADSs on the date of grant.

The following table summarizes the Company's restricted stock activity for the six months ended June 30, 2026:

	Time-based Awards	
	Number of ADSs	Weighted-Average Grant Date Fair Value
Nonvested shares at December 31, 2025	1,465	$ 30.00
Granted	18,830	10.76
Forfeited	—	—
Vested	(20,295)	12.14
Nonvested shares at June 30, 2026	—	$ —

As of June 30, 2026, 20,451 ADSs (1,636,080,000 ordinary shares) underlying vested time-based RSUs were pending issuance. This was comprised of 20,295 ADSs (1,623,600,000 ordinary shares) which vested in the six months ended June 30, 2026 and 156 ADSs (12,480,000 ordinary shares) which vested as of December 31, 2025. These ADSs were issued on July 7, 2026. The fair value of time-based RSUs that vested during the six months ended June 30, 2026 and 2025, was $0.2 million and less than $0.1 million, respectively.

Performance-Based Stock Options

In April 2026, the Company granted performance stock options ("PSOs") to purchase 15,000 ADSs (1,200,000,000 ordinary shares) to certain executives. Vesting of PSOs was recognized on a pro-rata basis based on financing achieved relative to $15 million of gross proceeds in qualified financing on or before June 30, 2026. During the three months ending June 30, 2026, 5,500 options were vested and the remainder expired unvested. The Company recognized share-based compensation expense of less than $0.1 million related to these awards during the three and six months ended June 30, 2026. No performance stock options remained outstanding as of June 30, 2026.

Stock-Based Compensation Expense

The Company classifies stock-based compensation expense in the condensed consolidated statements of operations and comprehensive loss in the same manner in which the award recipients' payroll costs are classified or in which the award recipients' service payments are classified. Total stock-based compensation expense attributable to share-based payments made to employees, consultants and directors included in operating expenses in the Company's condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2026 and 2025, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2026**	**2025**	**2026**	**2025**
Research and development	$ 30	$ 184	$ 50	$ 375
General and administrative	681	535	966	1,359
Total stock-based compensation expense	$ 711	$ 719	$ 1,016	$ 1,734

As of June 30, 2026, total unrecognized compensation cost related to unvested stock options was $3.4 million, which is expected to be recognized over a weighted average period of 2.6 years. As of June 30, 2026, no unrecognized compensation cost remains related to time-based RSUs.

Note 8. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents information about the Company's financial liabilities measured at fair value on a recurring basis and indicates the level of the fair value hierarchy used to determine such values:

	June 30, 2026			
(In thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Liabilities				
Warrant liability - April 2023 Peak Bio Warrants	$ 85	$ —	$ —	$ 85
Warrant liability – September 2022 Series B Warrants	31	—	—	31
Total liabilities	$ 116	$ —	$ —	$ 116

	December 31, 2025			
(In thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Liabilities				
Warrant liability - April 2023 Peak Bio Warrants	$ 51	$ —	$ —	$ 51
Warrant liability – September 2022 Series B Warrants	10	—	—	10
Derivative liability - ELOC	230	—	—	230
Total liabilities	$ 291	$ —	$ —	$ 291

The Company's Level 3 liabilities consist of the September 2022 Warrants, the November 2022 Peak Bio Warrants and the April 2023 Peak Bio Warrants, which were determined to be liability-classified instruments, and a derivative liability related to the ELOC Purchase Agreement (described in Note 6). There were no transfers between Level 1, Level 2, and Level 3 during the three and six months ended June 30, 2026, and the year ended December 31, 2025.

Changes in Level 3 Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the activity in the warrant liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3) during the three and six months ended June 30, 2026 and 2025:

	Warrant Liability				
(In thousands)	**September 2022 Series B Warrants**	**November 2022 Peak Bio Warrants**	**April 2023 Peak Bio Warrants**	**Total Warrant Liability**	**Derivative Liability**
Balance, December 31, 2024	$ 181	$ 95	$ 736	$ 1,012	$ —
Change in fair value of liability	30	—	24	54	—
Balance, March 31, 2025	$ 211	$ 95	$ 760	$ 1,066	$ —
Extinguishment of liability	(66)	—	—	(66)	—
Change in fair value of liability	(31)	(32)	(71)	(134)	
Balance, June 30, 2025	$ 114	$ 63	$ 689	$ 866	$ —
Balance, December 31, 2025	$ 10	$ —	$ 51	$ 61	$ 230
Change in fair value of liability	(10)	—	(34)	(44)	(230)
Balance, March 31, 2026	$ —	$ —	$ 17	$ 17	$ —
Change in fair value of liability	31	—	68	99	—
Balance, June 30, 2026	$ 31	$ —	$ 85	$ 116	$ —

Liability-Classified Warrants

The fair value of the warrant liabilities is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the September 2022 Series B Warrants, the November 2022 Peak Bio Warrants and the April 2023 Bio Peak Warrants was determined using the Black-Scholes Option Pricing Model, which uses various assumptions, including (i) fair value of the Company's ADSs, (ii) exercise price of the warrant, (iii) expected term of the warrant, (iv) expected volatility and (v) expected risk-free interest rate.

Below are the assumptions used for the fair value calculations of liability classified warrants as of June 30, 2026, and December 31, 2025:

	June 30, 2026			December 31, 2025		
	September 2022 Series B Warrants	November 2022 Peak Bio Warrants	April 2023 Peak Bio Warrants	September 2022 Series B Warrants	November 2022 Peak Bio Warrants	April 2023 Peak Bio Warrants
Stock (ADS) price	$ 10.25	$ 10.25	$ 10.25	$ 11.56	$ 11.56	$ 11.56
Exercise price	$ 680.00	$ 1,567.20	$ 81.60	$ 680.00	$ 1,567.20	$ 81.60
Expected term (in years)	3.2	1.3	1.8	3.7	1.8	2.3
Expected volatility	135.0%	175.0%	160.0%	100.0%	115.0%	105.0%
Risk-free interest rate	4.2%	4.0%	4.1%	3.7%	3.5%	3.5%
Expected dividend yield	—	—	—	—	—	—

Derivative Liability

The derivative liability related to the ELOC Purchase Agreement (described in Note 6) was originally valued using the Monte Carlo simulation model and as such is considered to be a Level 3 fair value measurement, as the fair value was determined based on significant inputs not observable in the market. The significant unobservable inputs used to determine the fair value were the projected volume weighed average share price at each trading date, and the use of the maximum draw down potential. The fair value of the ELOC Purchase Agreement on December 31, 2025, was $230,000 based on the projected stock price of $0.29, expected volatility of 102.5%, risk-free rate of 3.46% and discounted at 71.3% for the probability of the Company timely filing all SEC documents and meeting the NASDAQ listing requirements. As of June 30, 2026, the Company determined the fair value of the ELOC Purchase Agreement to have no value. The difference of $0.2 million was recognized as a change of fair value of derivative liability in the unaudited condensed consolidated statement of operations and comprehensive loss during the six months ended June 30, 2026.

Assets Measured at Fair Value on a Nonrecurring Basis

The Company's goodwill and IPR&D are measured at fair value on a nonrecurring basis. These assets are reported at carrying value and are remeasured annually or whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable. When impairment has occurred, the Company records the required charges and adjusts the carrying value as discussed in Note 2. *Summary of Significant Accounting Policies* of the notes to the consolidated financial statements in the Company's 2025 Form 10-K. As a result of the impairment analysis performed during the quarter ended March 31, 2026, using Level 3 inputs, the Company determined the fair value of its AKTX-101 IPR&D asset to be $30.3 million and recorded a non-cash impairment charge of $3.7 million to its AKTX-101 IPR&D asset and determined the fair value of its reporting unit to be less than its carrying value by an amount that resulted in a non-cash impairment charge of $8.4 million to goodwill. There was no impairment charge to the Company's goodwill and IPR&D assets during the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2025.

Note 9. Net Loss per Share

The following potential dilutive securities, presented based on amounts outstanding at the end of each reporting period, have been excluded from the calculation of diluted net loss per share because including them would have had an anti-dilutive impact:

	As of June 30,	
	2026	2025
Stock options	18,855,663,000	14,339,239,000
Restricted stock units	1,636,080,000	—
Warrants	443,267,159,200	49,679,308,000
Convertible notes	1,832,118,000	749,192,000
Total	465,591,020,200	64,767,739,000

Note 10. Income Taxes

In accordance with ASC 270, *Interim Reporting*, and ASC 740, *Income Taxes*, the Company is required at the end of each interim period to determine the best estimate of its annual effective tax rate and then apply that rate in providing for income taxes on a current year-to-date (interim period) basis. The Company recorded an income tax benefit of $0.8 million for the six months ended June 30, 2026, in connection with the impairment loss on other intangible assets. For the three months ended June 30, 2026 and 2025, the Company recorded no tax expense or benefit due to the expected current year loss and its historical losses. The Company has not recorded its net deferred tax asset as of either June 30, 2026, or December 31, 2025, because it maintained a full valuation allowance against all deferred tax assets as of these dates as management has determined that it is not more likely than not that the Company will realize these future tax benefits. As of June 30, 2026, and December 31, 2025, the Company had no uncertain tax positions.

Note 11. Segment Information

The Company manages its operations as a single operating segment for the purpose of assessing performance, making operating decisions and allocating resources, resulting in a single reportable segment. The Company has determined that its Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews the Company's financial information on a consolidated basis for the purpose of allocating resources and assessing financial performance.

The Company has assembled a portfolio of preclinical product candidates that aim to develop next-generation precision bifunctional ADCs for the treatment of cancer. The Company has not generated any revenue since its inception and does not expect to generate any revenue from the sale of products in the near future. The Company primarily incurs expenses in connection with the research and development of its product candidates as well as general and administrative costs consisting of salaries and related costs for personnel in executive, finance, and administrative functions, as well as consulting, restructuring and merger-related expenses.

The key measure of segment profit or loss that the CODM uses to allocate resources and assess performance is the Company's consolidated net loss, as reported on the consolidated statements of operations and comprehensive loss. In addition, the CODM is regularly provided the following significant segment expense categories which are reviewed against budgeted expectations to assist in resource allocation decision-making:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2026**	**2025**	**2026**	**2025**
ADC discovery and pre-clinical development	$ (1,870)	$ (145)	$ (3,107)	$ (162)
nomacopan HSCT-TMA (AK901) clinical program expense	—	(44)	—	(106)
Chemistry, manufacturing and control	—	(20)	—	(48)
Other external development (expense) income	(43)	63	(60)	(35)
Internal and other research and development expense	(134)	(337)	(319)	(754)
General and administrative expense	(1,844)	(1,917)	(3,728)	(3,805)
Impairment loss on other intangible assets	—	—	(3,700)	—
Impairment loss on goodwill	—	—	(8,430)	—
Stock-based compensation expense	(711)	(719)	(1,016)	(1,734)
Other segment items *(1)*	(205)	1,224	239	1,044
Deferred tax benefit	—	—	859	—
Net loss	$ (4,807)	$ (1,895)	$ (19,262)	$ (5,600)

(1) Other segment items include interest expense, change in fair value of warrant liabilities, change in fair value of derivative liability, and net foreign currency exchange gains (losses) as reported in the Company's condensed consolidated statements of operations and comprehensive loss.

Assets regularly provided to the CODM are consistent with those reported on the consolidated balance sheets with particular emphasis on the Company's available liquidity, including its cash and restricted cash. All of the Company's tangible assets are held in the United States.

Note 12. Related Party Transactions

In November 2024, the Company assumed an amount due to an entity in which the Company's Chairman, Dr. Hoyoung Huh, is a director. As of June 30, 2026, and December 31, 2025, the amounts due totaled less than $0.1 million and are included in accounts payable in the Company's condensed consolidated balance sheets.

Note 13. Commitments and Contingencies

Leases

The Company currently leases office space for our U.S. headquarters on a short-term basis. The Company leases its U.S. headquarters virtual office, located in Tampa, Florida, on a month-to-month basis. The Company also leases laboratory space, located in San Francisco, California, on a month-to-month basis and is cancellable anytime with 60 days' notice. The Company is not party to any material lease agreements.

For each of the three and six months ended June 30, 2026 and 2025, the Company incurred lease costs of less than $0.1 million.

Employee Benefit Plans

The Company adopted an employee benefit plan under Section 401(k) of the Internal Revenue Code for its U.S.-based employees. The plan allows employees to make contributions up to a specified percentage of their compensation. Under the plan, the Company matches 100% of employees' contributions up to 5% of the annual eligible compensation contributed by each employee, subject to Internal Revenue Code limitations.

The Company also adopted a defined contribution pension scheme which allows for U.K. employees to make contributions and provides U.K. employees with a Company contribution of 10% of compensation, subject to U.K. law.

During each of the three and six months ended June 30, 2026 and 2025, the Company charged less than $0.1 million to operating expenses related to the Company's contributions to employee benefit plans.

Bayer Acquisition Agreement

In November 2024, the Company assumed an assignment, license, development and commercialization agreement dated March 17, 2017, with Bayer (the "Bayer Acquisition Agreement"), to acquire from Bayer all right, title and interest in and to PHP-303, including each and every invention and any priority rights relating to its patents.

Under the Bayer Acquisition Agreement, the Company is committed to pay certain development and regulatory milestones up to an aggregate amount of $23,500,000 and high single digit royalties based on the sale of products developed based on the licensed compound. Royalties will be payable on a licensed product-by-licensed product and country-by-country basis until the later of ten years after the first commercial sale of such licensed product in such country and expiration of the last patent covering such licensed product in such country that would be sufficient to prevent generic entry.

Either party may terminate the Bayer Acquisition Agreement upon prior written notice for the other party's material breach that remains uncured for a specified period of time or insolvency. Bayer agreed not to assert any Bayer intellectual property rights that were included in the scope of the Bayer Acquisition Agreement against the Company.

The Company incurred zero expenses under this agreement as no milestones have been achieved since inception, and no products were sold from inception through June 30, 2026.

Legal Proceedings

In May 2025, a former employee of Peak Bio CA, Inc. subsidiary filed a claim stating that they are entitled to certain discretionary bonuses from 2022 totaling less than $0.1 million. The Company denies the former employee's claim and intends to defend itself.

Accounts Payable Settlements

During the six months ended June 30, 2026, and the three and six months ended June 30, 2025, the Company entered into settlement agreements with vendors for the settlement of outstanding payables. This resulted in a gain on settlement of current liabilities of $0.2 million and $1.2 million, respectively, which is reflected in the unaudited condensed consolidated statements of operations. No gain on settlement of current liabilities was recognized during the three months ended June 30, 2026.

Note 14. Subsequent Events

In July 2026, we entered into an agreement to conduct a strategic research collaboration with Whitehawk Therapeutics, a clinical-stage oncology therapeutics company applying advanced technologies to established tumor biology to efficiently develop improved ADC cancer treatments. Under the collaboration, we will conduct a series of focused preclinical studies evaluating Akari's proprietary PH1 spliceosome-modulating payload technology in combination with Whitehawk's topoisomerase I inhibitor ADC platform. We will lead the design, execution and evaluation of the research activities.

Subsequent to the quarter ended June 30, 2026 and through the date these condensed consolidated financial statements were issued, the Company issued an aggregate of 196,572 ADSs (15,725,760,000 ordinary shares), which consisted of the following:

- 22,474 ADSs (1,797,920,000 ordinary shares) upon the exercise of outstanding prefunded warrants, resulting in cash proceeds to the Company in accordance with the applicable warrant agreements;
- 20,451 ADSs (1,636,080,000 ordinary shares) upon the vesting and settlement of RSUs previously granted to a consultant under the Company's 2023 Equity Plan (as disclosed in Note 7);
- 117,647 ADSs (9,411,760,000 ordinary shares) issued to Paulson in accordance with the Paulson PAA as compensation for services rendered in connection with the Company's May 2026 Private Placement (as described in Note 7); and
- 36,000 ADSs (2,880,000,000 ordinary shares) issued to White Lion in connection with the ELOC Purchase Agreement.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with:

- *our unaudited condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Form 10-Q; and*
- *our audited consolidated financial statements and accompanying notes included in our Form 10-K, as well as the information contained under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K.*

In addition to historical information, this discussion and analysis contains forward-looking statements that are subject to risks and uncertainties, including those discussed in the section titled "Risk Factors," set forth in Item 1A of our Form 10-K, that could cause actual results to differ materially from historical results or anticipated results.

Overview

We are an oncology company developing next generation ADCs designed around novel payload biology. Our platform is anchored by PH1, a spliceosome modulating payload that in preclinical settings has demonstrated cytotoxic activity and robust activation of the immune system to attack cancer. Our business is focused on advancing our lead program, AKTX-101, through IND enabling activities and clinical readiness while maintaining the ability to expand the PH1 based ADC pipeline, as capital and priorities permit. We also have a second program, including AKTX-102, a CEACAM5 directed ADC program, that is earlier in development.

ADCs are a class of cancer therapies that combine the precision targeting of antibodies with payload toxins that attack cancer cells. To date, innovation in the field of ADC therapies has focused primarily on the development of novel antibodies linked to existing classes of payload toxins. For example, there is a range of approved ADCs with antibodies that target the Her2, Trop-2, CD19, CD22, CD30, Nectin-4, Tissue Factor, and FR alpha antibodies. But there is a surprising lack of diversity in the payload toxins to which those antibodies are linked, as all of these marketed products, and more than 90% of ADCs in late-stage clinical development of which we are aware, utilize payloads from just two standard classes: (1) microtubule inhibitors or (2) DNA-damaging agents such as topoisomerase I inhibitors.

Our differentiated ADC discovery and development platform (our "ADC Platform") enables us to generate a range of ADC product candidates that pair our novel payloads with biologically validated antibody targets prevalent in cancer tumors. We believe that our focus on the development of ADCs that utilize our novel payloads may allow us to develop ADCs with benefits that include:

- more effective cancer-killing properties, or cytotoxicity;
- robust activation of the immune system to drive greater and more enduring efficacy in treating cancer sustained duration of response of tumor regression or elimination;
- ability to be used in combination with checkpoint inhibitors to potentially deliver synergistic efficacy results (more than additive) to drive potential longer-term cancer remissions;
- reduced tumor resistance leading to superior outcomes; and
- improved safety and tolerability relative to ADCs that are currently available.

Our lead product candidate is AKTX-101, a preclinical stage Trop-2-targeting ADC that combines PH1 with a Trop-2 targeting antibody. Trop-2 is an antigen that is expressed in a number of highly incident solid tumors, including lung, breast, bladder, head and neck, gastric, pancreatic, colon, prostate, and others. We aim to establish AKTX-101 as a best-in-class Trop-2-targeting ADC for the treatment of a variety of solid tumors.

Our activities since inception have consisted of performing research and development activities and raising capital.

We do not have any products available for commercial sale, and we have not generated any product revenue from our portfolio of product candidates or other sources. Our ability to generate revenue sufficient to achieve profitability, if ever, will depend on the successful development and eventual commercialization of our potential therapies, which we expect, if it ever occurs, will take a number of years. The research and development efforts require significant amounts of additional capital and adequate personnel infrastructure. There can be no assurance that our research and development activities will be successfully completed, or that our potential therapies will be commercially viable.

Recent Developments

AKTX-101 IND-Enabling Plan and Activities

Our near-term operational strategy remains focused on advancing AKTX-101 into IND-enabling activities and clinical readiness while maintaining the ability to expand our PH1-based ADC pipeline as capital and priorities permit. AKTX-101 is a preclinical Trop2–targeting ADC that combines PH1 with a proprietary non-cleavable linker and antibody construct. We are prioritizing the program's path to Phase 1 clinical trials through the coordinated execution of GMP product supply and non-clinical data package workstreams that support IND/Phase 1 enabling activities.

We rely on third-party Contract Development and Manufacturing Organizations ("CDMOs") for development, scale-up, and GMP production of materials used in our research and development activities. In December 2025, we announced the initiation of GMP manufacturing activities for AKTX-101 and selected WuXi Biologics/XDC as our partner for this GMP product supply and related IND-enabling work. This milestone supports our timeline for our Phase 1 first-in-human study described in our public communications while we maintain an efficient, high-quality, and reliable virtual manufacturing model for clinical-grade supply. In December 2025, we publicly described that based on our anticipated GMP product supply and IND-enabling activities and planning, we are projected to advance AKTX-101 into clinical trials by middle of 2027.

Strategic Research Collaboration with Whitehawk Therapeutics

On July 21, 2026, we announced a strategic research collaboration with Whitehawk Therapeutics, a clinical-stage oncology therapeutics company applying advanced technologies to established tumor biology to efficiently develop improved ADC cancer treatments. Under the collaboration, we will conduct a series of focused preclinical studies evaluating Akari's proprietary PH1 spliceosome-modulating payload technology in combination with Whitehawk's topoisomerase I inhibitor ADC platform. We will lead the design, execution and evaluation of the research activities.

Publication American Association for Cancer Research (AACR) Cancer Research Journal

In April 2026, we issued a press release announcing the presentation of positive preclinical data for our lead TROP2-targeting ADC, AKTX-101, at the American Association for Cancer Research (AACR) Annual Meeting 2026. The preclinical data compares the performance of AKTX-101 versus TROP2 ADCs with Topoisomerase I Inhibitor payloads in the killing of different cancer types driven by different cancer genes (oncogenes). AKTX-101's ability to kill cancer cells at lower concentrations vs. TROP2 ADCs using Topoisomerase I Inhibitor payloads suggests in our view that AKTX-101 is a more potent drug. The preclinical data was published as an abstract in *Cancer Research*, an AACR journal.

AKTX-101 demonstrated greater potency and/or greater maximum cancer cell killing relative to TROP2 ADC Topoisomerase I Inhibitor payloads in cancers of the bladder, lung and breast. AKTX-101 demonstrated sub-nanomolar potency in all bladder cancer lines tested, a key tumor in which first-in-human clinical trials for AKTX-101 are planned. AKTX-101 also demonstrated sub-nanomolar potency in several non-small cell lung cancer cell lines driven by EGFR, BRAF, and SMARCA4, as well as potent cell killing in HER2 breast cancer cell lines with inherent resistance to Topoisomerase I Inhibitor ADCs such as trastuzumab deruxtecan (ENHERTU™). We believe that these findings show that AKTX-101 has strong potential for targeting a broad range of cancer tumors and sub-types with superior cytotoxicity than current TROP2 ADCs that use Topoisomerase I Inhibitor payloads.

Publication at the American Society of Clinical Oncology (ASCO) 2026 Annual Meeting

On April 21, 2026, we issued a press release announcing breakthrough preclinical data demonstrating synergistic activity of AKTX-101 with KRAS inhibition in KRAS-mutated pancreatic cancer models, which was featured in an online publication at the American Society of Clinical Oncology (ASCO) Annual Meeting 2026. This provides continued validation of our novel RNA splicing modulator payload platform for ADCs, and its broad potential in treating a wide range of cancer tumors, including those with KRAS mutations, a rapidly expanding therapeutic category. We believe this data highlights a growing body of evidence demonstrating that targeting RNA splicing in cancer cells could be a powerful way to attack even the most difficult cancers.

Intellectual Property – Expanding Protection Around AKTX 101

We believe patents and other proprietary rights are an essential element of our business. Our success depends in part on our ability to obtain and maintain proprietary protection for our product candidates, technology, and know-how, to operate without infringing the proprietary rights of others, and to prevent others from infringing our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions, and improvements that are important to the development of our business, and defending our patent applications and patents if they are subjected to challenge by third parties.

During the six months ended June 30, 2026, we received Australian patent protection covering the PH1 RNA splicing modulator ADC payload, and a European patent that provides composition of matter protection for our Thailanstatin-based payloads.

May 2026 Financing

We closed a private placement ("May 2026 Private Placement") with certain investors in two tranches on May 27, 2026 and June 26, 2026 providing for the issuance and sale of an aggregate of 1,470,588 ADSs, (or prefunded warrants to purchase ADSs in lieu thereof), each representing 80,000 of the Company's ordinary shares, and, accompanying each ADS (or prefunded warrant in lieu thereof), one Series H warrants to purchase one ADS, one Series I warrants to purchase one ADS and one Series J warrants to purchase one ADS. The purchase price per ADS and accompanying series warrants was equal to $3.74 and the purchase price per prefunded warrant and accompanying series warrants was equal to $3.739. For more information, please refer to "Financial Condition, Liquidity and Capital Resources – May 2026 Private Placement" below.

Results of Operations

Three and Six Months Ended June 30, 2026 and 2025

Overview

During the three months ended June 30, 2026, our loss from operations totaled $4.6 million, as compared to a loss from operations of $3.1 million for the three months ended June 30, 2025, which was primarily driven by increase in research and development activities. During the six months ended June 30, 2026, our loss from operations totaled $20.4 million, as compared to a loss from operations of $6.6 million for the six months ended June 30, 2025, which was primarily due to a $12.1 million non-cash impairment on other intangible assets and goodwill. Our total operating expenses are set forth by category in the table below:

	Three Months Ended June 30,			Six Months Ended June 30,		Change
(In thousands)	**2026**	**2025**	**$ Change**	**2026**	**2025**	**$**
Operating expenses:						
Research and development	$ 2,077	$ 667	$ 1,410	$ 3,536	$ 1,480	$ 2,056
General and administrative	2,525	2,452	73	4,694	5,164	(470)
Impairment loss on other intangible assets	—	—	—	3,700	—	3,700
Impairment loss on goodwill	—	—	—	8,430	—	8,430
Total operating expenses	4,602	3,119	1,483	20,360	6,644	13,716
Loss from operations	(4,602)	(3,119)	(1,483)	(20,360)	(6,644)	(13,716)
Interest expense	(80)	(50)	(30)	(141)	(105)	(36)
Gain on settlement of current liabilities	—	1,190	(1,190)	167	1,244	(1,077)
Change in fair value of warrant liabilities	(99)	134	(233)	(55)	80	(135)
Foreign currency exchange gain (loss), net	(26)	(50)	24	38	(175)	213
Change in fair value of derivative liability	—	—	—	230	—	230
Total other income (expense), net	(205)	1,224	(1,429)	239	1,044	(805)
Net loss before income taxes	(4,807)	(1,895)	(2,912)	(20,121)	(5,600)	(14,521)
Benefit from deferred income taxes	—	—	—	859	—	859
Net loss	$ (4,807)	$ (1,895)	$ (2,912)	$ (19,262)	$ (5,600)	$ (13,662)

Research and development expenses

Our research and development expenses are charged to operations as incurred, and we incur both direct and indirect expenses for each of our programs. We track direct research and development expenses by preclinical program, which may include third-party costs such as CDMOs, contract laboratories, and consulting. We do not allocate indirect research and development expenses, which may include product development and manufacturing, clinical, medical, regulatory, laboratory (equipment and supplies), personnel, facility and other overhead costs, to specific programs.

During the three months ended June 30, 2026, total research and development expenses increased by approximately $1.4 million, as compared to the three months ended June 30, 2025. During the six months ended June 30, 2026, total research and development expenses increased by approximately $2.1 million, as compared to the six months ended June 30, 2025. The following sets forth research and development expenses for the three and six months ended June 30, 2026 and 2025 by category:

	Three Months Ended June 30,			Six Months Ended June 30,		
(In thousands)	**2026**	**2025**	**$ Change**	**2026**	**2025**	**$ Change**
ADC preclinical development	$ 1,870	$ 145	$ 1,725	$ 3,107	$ 162	$ 2,945
Other external development expenses	43	1	42	60	189	(129)
Personnel costs	164	521	(357)	369	1,129	(760)
Total research and development expenses	$ 2,077	$ 667	$ 1,410	$ 3,536	$ 1,480	$ 2,056

ADC preclinical development

These expenses include external expenses that we incurred in connection with the discovery and pre-clinical development of our ADC platform and program(s) and primarily consist of payments to external vendors and consultants. In December 2025 we announced that based on our anticipated GMP product supply and IND-enabling activities and planning, we are projected to advance AKTX-101 into clinical trials by middle of 2027.

Other external development expenses

These expenses include external expenses to contract vendors that may be related to pre-clinical development activities, discontinued programs and unallocated expenses. The increase in expenses of less than $0.1 million incurred during the three months ended June 30, 2026, as compared to the three months ended June 30, 2025, was due to a recovery of expenses related to a trial for a nomacopan program. The decrease in expenses of $0.1 million incurred during the six months ended June 30, 2026, as compared to the six months ended June 30, 2025 is primarily related to lower costs related to our HSCT-TMA, PAS-nomacopan, and PHP-303 programs. In December 2024, we announced our decision to suspend these programs and find a collaborative partner.

Personnel costs

These expenses include compensation and related costs associated with employees. The decrease in expenses of $0.4 million and $0.8 million, incurred during the three and six months ended June 30, 2026, as compared to the three and six months ended March 31, 2025, respectively, is primarily due to decreases in non-cash stock-based compensation expense and lower cash-based salaries.

The extent of our future research and development expenditures will be determined based on future funding.

General and administrative expenses

During the three months ended June 30, 2026, total general and administrative costs increased by less than $0.1 million as compared to the three months ended June 30, 2025, primarily due to an increase in non-cash stock-based compensation expense.

During the six months ended June 30, 2026, total general and administrative costs decreased by approximately $0.5 million as compared to the six months ended June 30, 2025, primarily due to a decrease in non-cash stock-based compensation expense of $0.4 million and a decrease in personnel and professional fees of $0.1 million.

Impairment loss

During the six months ended June 30, 2026, we recognized non-cash impairment losses on goodwill, and in process research and development ("IPR&D") assets recorded in connection with our December 2024 merger with Peak Bio, Inc. The impairment assessment was triggered by the sustained decline in the Company's market capitalization as of March 31, 2026, which required a reassessment of the carrying value of these assets.

As part of this assessment, goodwill was impaired based on the determination that the estimated fair value of the Company's reporting unit was lower than its carrying value. In addition, management reassessed the valuation assumptions underlying the AKTX 101 IPR&D asset, including expected development timelines, probability weighted cash flows, and discount rates, to reflect current market conditions, capital availability considerations, and the heightened uncertainty inherent in advancing the program under these conditions.

The resulting IPR&D impairment reflects the application of a risk adjusted valuation approach consistent with the available market evidence and the requirements of U.S. GAAP.

No such impairment loss was recognized in the three months ended June 30, 2026 or the three and six months ended June 30, 2025.

Interest expense

Interest expense primarily consists of amortization of debt issuance costs on the financing of director and officer insurance premiums and the April 2023 Convertible Notes. Refer to Note 6 and Note 12 of our unaudited condensed consolidated financial statements included in this Form 10-Q.

Interest expense may fluctuate from period to period due to changes in average interest-bearing loans and related interest rates.

Gain on settlement of current liabilities

During the six months ended June 30, 2026, we recognized a gain on settlement of current liabilities of approximately $0.2 million which relates to settlements with former vendors for outstanding payables. During the three and six months ended June 30, 2025, we recognized a gain on settlement of current liabilities of $1.2 million with a former vendor for outstanding payables. No settlements were recognized in the three months ended June 30, 2026.

Change in fair value of warrant liabilities

Change in fair value of warrant liabilities represents non-cash warrant revaluation gains or losses related to the re-measurement of our liability-classified instruments, namely our September 2022 Warrants and the warrants we assumed on November 14, 2024, in connection with the Merger Closing (the "Peak Bio Warrants"). Due to the nature of and inputs in the model used to assess the fair value of our outstanding September 2022 Warrants and Peak Bio Warrants, it is not unusual to experience significant fluctuations during each re-measurement period. These fluctuations may be due to a variety of factors, including changes in our stock price and changes in estimated stock price volatility over the remaining life of the warrants.

During the three and six months ended June 30, 2026, we recorded a change in the fair value of warrant liabilities, representing a non-cash revaluation loss of $0.1 million each, which was primarily driven by an increase in our stock price and estimated stock price volatility. During the three and six months ended June 30, 2025, we recorded a change in the fair value of warrant liabilities, representing a non-cash revaluation gain of $0.1 million each, which was driven by a decrease in our stock price.

Change in fair value of derivative liability

During the six months ended June 30, 2026, we recognized a non-cash revaluation gain of $0.2 million in relation to the embedded derivative in the White Lion ELOC, which was primarily attributable to the effect of the ADS Ratio Change. No such loss was recognized during the three months ended June 30, 2026 and the three and six months ended June 30, 2025.

Foreign currency exchange gain, net

During the three months ended June 30, 2026 and 2025, we recorded a net foreign currency exchange loss of less than $0.1 million each. During the six months ended June 30, 2026 and 2025, we recorded a net foreign currency exchange gain of less than $0.1 million each and a foreign currency exchange loss of approximately $0.2 million, respectively. Exchange gains and losses can fluctuate significantly from period to period due to changes in exchange rates, as well as the volume and timing of expenditures and related payments denominated in foreign currencies.

Benefit from deferred income taxes

During the six months ended June 30, 2026, we recognized a deferred income tax recovery of $0.8 million, in connection with the impairment loss on other intangible assets described above. No such recovery was recognized during the three months ended June 30, 2026 and the three and six months ended June 30, 2025.

Net Loss Applicable to Common Shareholders

As a result of the factors discussed above, our net loss applicable to common shareholders for the three months ended June 30, 2026 was $4.8 million, compared to net loss applicable to ordinary shareholders for the three months ended June 30, 2025 of $1.9 million. Our net loss applicable to common shareholders for the six months ended June 30, 2026 was $19.3 million, compared to net loss applicable to ordinary shareholders for the six months ended June 30, 2025 of $5.6 million.

Financial Condition, Liquidity and Capital Resources

Sources of Liquidity

Since inception, we have incurred substantial losses, and we have primarily funded our operations with proceeds from the sale of equity securities, including ordinary shares, warrants and pre-funded warrants, and convertible notes. On June 30, 2026, we had $7.7 million in cash and an accumulated deficit of $283.8 million. To date, we have not generated any revenue.

We have devoted substantially all of our efforts to research and development, including clinical trials, and we have not commercialized any products. Our research and development activities, together with our general and administrative expenses, are expected to continue to result in substantial operating losses for the foreseeable future. These losses, among other things, have had and will continue to have an adverse effect on our shareholders' equity, total assets and working capital. Due to the numerous risks and uncertainties associated with developing drug candidates and, if approved, commercial products, we are unable to predict the extent of any future losses, whether or when any of our drug candidates will become commercially available or when we will become profitable, if at all. Our future capital requirements will depend on many factors, including:

- the progress and costs of our preclinical studies, clinical trials and other research and development activities;
- the scope, prioritization and number of our clinical trials and other research and development programs;
- the amount of revenues and contributions we receive under future licensing, development and commercialization arrangements with respect to our product candidates;
- the costs of the development and expansion of our operational infrastructure;
- the costs and timing of obtaining regulatory approval for our product candidates;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs and timing of securing manufacturing arrangements for clinical or commercial production;
- the costs of contracting with third parties to provide sales and marketing capabilities for us;
- the magnitude of our general and administrative expenses; and
- any cost that we may incur under future in- and out-licensing arrangements relating to current or future product candidates.

We currently do not have any commitments for future external funding. We will need to raise additional funds, and we may decide to raise additional funds even before we need such funds if the conditions for raising capital are available and/or favorable. Until we can generate significant recurring revenues, we expect to satisfy our future cash needs through debt or equity financings, credit facilities or by out-licensing arrangements of our product candidates. The sale of equity or convertible debt securities may result in dilution to our existing shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also subject us to covenants that restrict our operations. We cannot be certain that additional funding, whether through grants, financings, credit facilities or out-licensing arrangements, will be available to us on acceptable terms, if at all. If sufficient funds are not available, we may be required to delay, reduce the scope of or eliminate research or development plans for, or commercialization efforts with respect to, one or more applications of our product candidates, or obtain funds through arrangements with collaborators or others that may require us to relinquish rights to certain potential products that we might otherwise seek to develop or commercialize independently.

May 2026 Financing

In May 2026, the Company entered into a securities purchase agreement with certain investors pursuant to which the Company sold and issued in a private placement (the "May 2026 Private Placement") an aggregate of 1,470,588 unregistered American Depository Shares ("ADSs"), or prefunded warrants to purchase ADSs ("Pre-Funded Warrants"), each ADS representing 80,000 of the Company's ordinary shares per ADS, together with one Series H warrants, one Series I warrants and one Series J warrants to purchase an equivalent number of ADSs (the Series H, Series I, and Series J warrants collectively referred to as the "Series Warrants"). The purchase price per ADS and accompanying Series Warrants was equal to $3.74 and the purchase price per Pre-Funded Warrant and accompanying Series Warrants was equal to $3.739.

The Series H Warrants, Series I Warrants, and Series J Warrants were issued on June 30, 2026, following requisite shareholder approval and are exercisable at a price of $3.74 per ADS. The Series H Warrants have an eighteen-month term, and the Series I and J warrants have a five-year term. The Pre-Funded Warrants have an exercise price of $0.001 per ADS, became exercisable immediately when issued and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full.

At close of the May 2026 Private Placement, the Company incurred a total of approximately $0.1 million in placement agent fees with Paulson Investment Company, LLC ("Paulson") and were required to issue 117,647 ADSs.

Net proceeds from the May 2026 Private Placement were approximately $5.2 million.

White Lion Ordinary Share Purchase and Registration Rights Agreements

On August 29, 2025, the Company entered into the ELOC Purchase Agreement and White Lion RRA with White Lion Capital. Pursuant to the ELOC Purchase Agreement, the Company had the right, but not the obligation, to require White Lion to purchase, from time to time, up to $25,000,000 in aggregate gross purchase price of newly issued Ordinary Shares, which may be exchanged for ADSs, subject to certain limitations and conditions set forth in the ELOC Purchase Agreement.

The Company does not have a right to commence any sales of Ordinary Shares to White Lion under the ELOC Purchase Agreement until all conditions to the Company's right to commence sales, as set forth in the ELOC Purchase Agreement, have been satisfied, including that a registration statement covering the resale of such shares is declared effective by the SEC and the final form of prospectus is filed with the SEC. Over the period ending on the earlier of (i) the date on which the Purchaser shall have purchased Ordinary Shares pursuant to the ELOC Purchase Agreement for an aggregate purchase price equal to the Commitment Amount or (ii) August 29, 2028 (the "Commitment Period"), subject to the conditions of the ELOC Purchase Agreement, the Company will control the timing and amount of any sales of Ordinary Shares to the Purchaser. Actual sales of Ordinary Shares to the Purchaser under the ELOC Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the ADSs, and determinations made by the Company as to appropriate levels and sources of funding.

The purchase price of the Ordinary Shares that the Company elects to sell to the Purchaser pursuant to the ELOC Purchase Agreement will be determined based on the type of Purchase Notice issued, as follows:

- Rapid Purchase Option 1: The lowest traded price of the ADSs on the notice date.
- Rapid Purchase Option 2: 97% of the lowest traded price of the ADSs during the two hours following the Purchaser's confirmed receipt of the notice.
- Rapid Purchase Option 3: The lowest of (i) the opening price of the ADSs on the notice date, (ii) the closing price of the ADSs on the prior business day, or (iii) the volume-weighted average price (VWAP) on the notice date, with a 20% discount if the trading price is below the opening price.
- VWAP Purchase: 97% of the lowest daily VWAP during a two-day valuation period for the first $12,500,000 of closings, and 98% thereafter.

In no event may the Company issue to the Purchaser under the ELOC Purchase Agreement more than 13,039,369,358 Ordinary Shares (the "Exchange Cap"), which equals 19.99% of the Company's outstanding Ordinary Shares as of the Execution Date, unless the Company obtains shareholder approval to issue shares in excess of the Exchange Cap or the average price paid for all Ordinary Shares issued under the agreement is equal to or greater than the Minimum Price (as defined in the ELOC Purchase Agreement). In any event, the ELOC Purchase Agreement provides that the Company may not issue or sell any Ordinary Shares if such issuance or sale would breach any applicable Nasdaq rules.

The ELOC Purchase Agreement prohibits the Company from directing the Purchaser to purchase any Ordinary Shares if those shares, when aggregated with all other Ordinary Shares then beneficially owned by the Purchaser (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended), would result in the Purchaser beneficially owning more than 4.99% of the outstanding Ordinary Shares (the "Beneficial Ownership Limitation"), which may be increased to 9.99% at the Purchaser's discretion upon 61 days' prior written notice.

As consideration for the Purchaser's execution of the ELOC Purchase Agreement, the Company will pay a document preparation fee of $15,000, to be deducted from the proceeds related to the first Purchase Notice, and cash commitment fees of $37,500 when aggregate Purchase Notices exceed $500,000 and $87,500 (or $125,000 if $1,000,000 is reached first) when aggregate Purchase Notices exceed $1,000,000. Additionally, if the Company fails to close at least $625,000 in purchases by the 180th day after the Registration Statement's effective date, the Company will issue ADSs, represented by Ordinary Shares, equivalent to $75,000 divided by the lowest traded ADS price during a 10-day period preceding that date (the "Commitment Shares").

Concurrently with the ELOC Purchase Agreement, the Company and the Purchaser entered into the White Lion RRA, pursuant to which the Company agreed to file the ELOC Resale Registration Statement. The Company filed the ELOC Resale Registration Statement on August 29, 2025, which was subsequently amended on June 26, 2026, and was declared effective by the SEC on July 7, 2026.

As of June 30, 2026, the Company had no outstanding purchase notices issued to White Lion.

Funding Requirements

As of the date of this report, our existing cash is sufficient to fund our operations into December 2026. While we have additional funding activities in progress to fund our operations, we will need to raise additional capital to continue to fund our operations and service our obligations in the future. If we are unable to raise additional capital when needed, we will not be able to continue as a going concern. We do not currently have any products approved for sale and do not generate any revenue from product sales. We are currently seeking and expect to continue to seek additional funding through financings of equity and/or debt securities. We may also engage in strategic research and development collaborations, pre-clinical and clinical funding arrangements, the sale or license of technology assets, and/or other strategic alternatives.

Financing may not be available to us when we need it, or on favorable or acceptable terms, or at all. We could be required to seek funds through means that may require us to relinquish rights to some of our technologies, drug candidates or drugs that we would otherwise pursue on our own. In addition, if we raise additional funds by issuing equity securities, our then existing shareholders may experience dilution. The terms of any financing may adversely affect the holdings or the rights of existing shareholders. An equity financing that involves existing shareholders may cause a concentration of ownership. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends, and are likely to include rights that are senior to the holders of our ordinary shares. Any additional debt or equity financing may contain terms which are not favorable to us or to our shareholders, such as liquidation and other preferences, or liens or other restrictions on our assets.

If we are unable to raise additional capital when required or on acceptable terms, we may be required to:

- significantly delay, scale back, or discontinue the development or commercialization of our product candidates;
- seek strategic alliances for research and development programs at an earlier stage than otherwise would be desirable or that we otherwise would have sought to develop independently, or on terms that are less favorable than might otherwise be available in the future;
- dispose of technology assets, including current product candidates, or relinquish or license on unfavorable terms, our rights to technologies or any of our product candidates that we otherwise would seek to develop or commercialize ourselves;
- pursue the sale of our company to a third party at a price that may result in a loss on investment for our shareholders; or
- file for bankruptcy or cease operations altogether.

Any of these events could have a material adverse effect on our business, operating results, and prospects.

We believe the key factors which will affect our ability to obtain funding are:

- the receptivity of the capital markets to financings by biotechnology companies generally and companies with drug candidates and technologies similar to ours specifically;
- the receptivity of the capital markets to any in-licensing, product acquisition or other transaction we may enter into or attempt to enter into;
- the results of our preclinical and clinical development activities in our drug candidates we develop on the timelines anticipated;
- competitive and potentially competitive products and technologies and investors' receptivity to our drug candidates we develop and the technology underlying them in light of competitive products and technologies; and
- the cost, timing, and outcome of regulatory reviews.

In addition, increases in expenses or delays in clinical development may adversely impact our cash position and require additional funds or cost reductions.

Based on our recurring losses from operations incurred since inception, our expectation of continuing operating losses for the foreseeable future, negative operating cash flows for the foreseeable future, and the need to raise additional capital to finance its future operations, we have concluded that there is substantial doubt regarding our ability to continue as a going concern within one year after the date that our condensed consolidated financial statements, included in this Form 10-Q (such condensed consolidated financial statements, the "consolidated financial statements") are issued. Because of these uncertainties, the accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As such, the accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary if we are unable to continue as a going concern.

Cash Flows

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

	Six Months Ended June 30,	
(In thousands)	**2026**	**2025**
Net cash (used in) provided by:		
Net cash used in operating activities	$ (5,597)	$ (5,406)
Net cash provided by financing activities	8,088	5,514
Effect of exchange rates on cash	—	4
Net change in cash	$ 2,491	$ 112

Operating Activities. The net cash used in operating activities for the periods presented consists primarily of our net loss adjusted for non-cash charges and changes in components of working capital. The increase in cash used in operating activities during the six months ended June 30, 2026, as compared to the six months ended June 30, 2025, was primarily due to an increase in research and development costs.

Investment Activities. There were no investing activities during the six months ended June 30, 2026 and 2025.

Financing Activities. Net cash provided by financing activities primarily consisted of the following:

- For the six months ended June 30, 2026, an aggregate of $0.2 million in net proceeds received from the second closing of the December 2025 financing, $5.2 million in net proceeds received from the May 2026 Private Placement, and $3.0 million in net proceeds from warrant exercises partially offset by $0.3 million of payments for our insurance premium financing and repayments of notes payable; and
- For the six months ended June 30, 2025, an aggregate of $5.9 million in net proceeds received from the March 2025 Private Placement, an aggregate of $0.3 million received in advance for pre-funded warrants issued in the March 2025 Private Placement, partially offset by $0.5 million of payments related to our promissory notes and $0.3 million of payments for our insurance premium financing.

Material Cash Requirements

Insurance Financing Obligations

In January 2026, we entered into a short-term financing arrangement with a third-party vendor to finance insurance premiums. The aggregate amount financed under this agreement was $0.5 million which is scheduled to be paid in monthly installments through October 2026.

Debt Obligations

We have outstanding convertible notes and promissory notes with third parties, assumed from the acquisition of Peak Bio Inc., as more fully described in Note 6 to our unaudited condensed consolidated financial statements appearing in this Form 10-Q. As of June 30, 2026, these obligations are expected to result in principal payments of approximately $0.7 million.

Other

We enter into a variety of agreements and financial commitments in the normal course of business. The terms generally provide us the option to cancel, reschedule and adjust our requirements based on our business needs, prior to the delivery of goods or performance of services. However, it is not possible to predict the amount of future payments under these agreements due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular agreement.

Critical Accounting Estimates

This management's discussion and analysis of financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. In doing so, we must make estimates and assumptions that affect our reported amounts of assets, liabilities and expenses, as well as related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and judgments, including, but not limited to, those related to (i) fair value of warrants classified as liabilities and (ii) impairment assessment of goodwill and other intangible assets. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We regard an accounting estimate or assumption underlying our financial statements as a "critical accounting estimate" if:

- the nature of the estimate or assumption is material due to the level of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and

- the impact of the estimates and assumptions on financial condition or operating performance is material.

See "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates"* of our Form 10-K, for a discussion of significant estimates and assumptions made by our management as part of the preparation of this management's discussion and analysis of financial condition and results of operations and accompanying condensed consolidated financial statements. There have been no material changes to our critical accounting estimates since December 31, 2025, except the estimates related to other intangible assets and goodwill as of June 30, 2026. Refer to Note 3 of our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for further details of our impairment assessment of goodwill and other intangibles assets during the quarter ending March 31, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

As previously disclosed under "Part II - Item 9A - Controls and Procedures" in our 2025 Form 10-K, management concluded that our internal control over financial reporting was not effective at the reasonable assurance level as of December 31, 2025, due to (i) lack of formalized controls over Information Technology and General Controls (QuickBooks) and (ii) lack of formalized designed and implemented internal controls (Purchase to Pay). A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We commenced remediation efforts in the quarter ending December 31, 2025, to address the material weaknesses, as well as other identified areas of risk. For a complete description of management's remediation plan, see "Part II - Item 9A - Controls and Procedures" in our 2025 Form 10-K.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) as of June 30, 2026. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation and previously identified material weaknesses in internal control over financial reporting, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of June 30, 2026.

Management's Implementation of Remediation Plan

Management, with oversight from the Audit Committee, began the implementation of the remediation efforts to our internal controls over financial reporting in order to remediate the control deficiencies that resulted in the material weaknesses as previously disclosed in our 2025 Form 10-K. We believe that the remediation steps disclosed under "Part II - Item 9A - Controls and Procedures" in our 2025 Form 10-K, will allow us to address the deficient controls within our internal control environment, which will facilitate the remediation of the material weaknesses.

Although we began the implementation of these remediation efforts as described in our 2025 Form 10-K, we will not be able to consider the material weaknesses as remediated until the applicable remedial controls operate for a sufficient period of time and our management has concluded, through testing, that our controls are operating effectively. We, along with our Audit Committee, will continue to monitor and evaluate the effectiveness of these remedial actions and take further actions as deemed appropriate.

Changes in Internal Control over Financial Reporting

We have already implemented the remediation efforts to address the material weaknesses described in our 2025 Form 10-K, pending testing of the design and effectiveness of these newly implemented controls over a sufficient period. Other than the above, there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in litigation relating to claims arising out of operations in the normal course of business, which we consider routine and incidental to our business.

Refer to Note 13 of the Notes to our condensed consolidated financial statements related to commitments and contingencies, which is incorporated herein by reference.

Item 1A. Risk Factors.

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties discussed within *"Item 1A. Risk Factors"* of our Form 10-K, together with all of the other information in this Form 10-Q, including the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited condensed consolidated financial statements and related notes, before deciding whether to purchase any of our ADSs.

We have IPR&D and future impairment of IPR&D may have an adverse impact on our future financial condition and results of operations.

As of June 30, 2026, we had IPR&D of approximately $30.3 million, primarily relating to AKTX-101 and our ADC Platform. Our intangible assets have been previously impaired and remain subject to additional impairment analyses whenever an event or change in circumstances indicates the carrying amount of such an asset may not be recoverable. Events giving rise to impairment are difficult to predict and are an inherent risk in the pharmaceutical industry. Some of the potential risks that could result in further impairment of our IPR&D include negative preclinical or clinical trial results, adverse regulatory developments, delay or failure to obtain regulatory approval, additional development costs, changes in the manner of our use or development of our product candidates, competition, earlier than expected loss of exclusivity, pricing pressures, higher operating costs, our inability to identify or enter into strategic partnerships, collaborations or out-licensing arrangements on acceptable terms or at all, geopolitical conflicts, changes in tax laws, prices that third parties are willing to pay for our IPR&D or similar assets in an arm's length transaction being less than the carrying value of our IPR&D, declines in our market capitalization, and other adverse market and economic environment changes or trends. Any and all of these conditions are reasonably likely to exist in the future and materialization of these risks or other changes in circumstances may lead to significant impairment charges on our IPR&D in the future, which could materially adversely affect our financial results.

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

During the three and six months ended June 30, 2026, we did not have any sales of unregistered securities, other than as previously disclosed by us in a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None of our directors or "officers," as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Item 408(c) of Regulation S-K, which are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), during the fiscal quarter covered by this report.

Item 6. Exhibits.

Exhibit Number	Description
4.1	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K, as filed with the SEC on May 22, 2026)
4.2	Form of Series H Warrant (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K, as filed with the SEC on May 22, 2026)
4.3	Form of Series I Warrant (incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K, as filed with the SEC on May 22, 2026)
4.4	Form of Series J Warrant (incorporated by reference to Exhibit 4.4 to Registrant's Current Report on Form 8-K, as filed with the SEC on May 22, 2026)
10.1	Form of Securities Purchase Agreement, dated May 20, 2026, by and among Akari Therapeutics, Plc and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K, as filed with the SEC on May 22, 2026)
10.2	Form of Amendment to Securities Purchase Agreement, dated June 23, 2026, by and among Akari Therapeutics, Plc and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K, as filed with the SEC on June 26, 2026)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley

	Act of 2002.
101.INS	Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
101.SCH	lnline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Registrant specifically incorporates it by reference.

† Indicates management contract or compensatory arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Akari Therapeutics, Plc

Date: August 13, 2026

By: */s/ Abizer Gaslightwala*
Abizer Gaslightwala
President and Chief Executive Officer

Date: August 13, 2026

By: */s/ Kameel Farag*
Kameel Farag
Interim Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Abizer Gaslightwala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akari Therapeutics, Plc;

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 company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: August 13, 2026

/s/ Abizer Gaslightwala
Abizer Gaslightwala
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Kameel Farag, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akari Therapeutics, Plc;

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 company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: August 13, 2026

/s/ Kameel Farag
Kameel Farag
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Akari Therapeutics, Plc (the "Company") on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2026

/s/ Abizer Gaslightwala
Abizer Gaslightwala
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Akari Therapeutics, Plc (the "Company") on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2026

/s/ Kameel Farag
Kameel Farag
Interim Chief Financial Officer
(Principal Financial Officer)