

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

FORM 10-Q

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

For the quarterly period ended March 31, 2026

☐ 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 001-41210

CANTON STRATEGIC HOLDINGS, INC.
(Exact name of registrant as specified in charter)

Delaware

(State or jurisdiction of
Incorporation or organization)

84-2642541

I.R.S. Employer
Identification No.

34 Shrewsbury Ave., Suite 1C, Red Bank, NJ

(Address of principal executive offices)

07701

(Zip code)

(732) 889-3111

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value	CNTN	The Nasdaq Stock Market LLC

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

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

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

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

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

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

Number of shares of common stock outstanding as of May 11, 2026 was 69,804,880.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains forward-looking statements which are made pursuant to the safe harbor provisions 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”). These statements may be identified by such forward-looking terminology as “may,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- our projected financial position and estimated cash burn rate;
- our estimates regarding expenses, future revenues and capital requirements;
- the adoption of a digital asset treasury;
- our ability to continue as a going concern;
- our future growth and operational progress;
- our ability to become profitable;
- our future financing arrangements;
- our future expenses and cash flow;
- any future stock price;
- fluctuations in the market price of Canton Coin;
- our ability to build commercial infrastructure;
- failure to realize the anticipated benefits of the digital asset treasury strategy;
- changes in business, market, financial, political and regulatory conditions;
- risks relating to our operations and business, including the highly volatile nature of the price of Canton Coin and other cryptocurrencies;
- the risk that the price of our common stock may be highly correlated to the price of the digital assets that we hold;
- our ability to operate as a Super Validator and run additional Validators on the Canton Network;
- the success, cost and timing of our clinical trials;
- our dependence on third parties to carry out our operations;
- our ability to comply with applicable laws and obtain the necessary regulatory approvals to market and commercialize our product candidates;
- the results of market research conducted by us or others;
- our ability to obtain and maintain intellectual property protection for our current and future product candidates;
- our ability to protect our intellectual property rights and the potential for us to incur substantial costs from lawsuits to enforce or protect our intellectual property rights;
- the success of competing therapies and products that are or become available;
- our ability to expand our organization to accommodate potential growth and our ability to retain and attract key personnel;
- the potential for us to incur substantial costs resulting from product liability lawsuits against us and the potential for these product liability lawsuits to cause us to limit our commercialization of our product candidates;
- market acceptance of our product candidates, the size and growth of the potential markets for our current product candidates and any future product candidates we may seek to develop, and our ability to serve those markets;
- the successful development of our commercialization capabilities, including sales and marketing capabilities; and
- general business and economic conditions, such as inflationary pressures, geopolitical conditions and other trade barriers.

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only, in each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may include market data and certain industry data and forecasts, which we may obtain from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications, articles and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we believe that such studies and publications are reliable, we have not independently verified market and industry data from third-party sources.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

**CANTON STRATEGIC HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2026	December 31, 2025
ASSETS		
Current assets		
Cash	\$ 41,532,140	\$ 17,032,748
Prepaid expenses and other current assets	1,553,110	353,318
Total current assets	43,085,250	17,386,066
Digital assets	541,569,363	501,760,369
Total assets	\$ 584,654,613	\$ 519,146,435
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 402,311	\$ 1,090,274
Accrued expenses	739,033	2,196,090
Total current liabilities	1,141,344	3,286,364
Deferred tax liability	113,713,951	117,934,191
Total liabilities	114,855,295	121,220,555
Commitments and contingencies (see Note 7)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2026 and December 31, 2025	-	-
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized as of March 31, 2026 and December 31 2025, 56,656,517 shares and 37,112,466 shares issued and 56,656,271 shares and 37,112,220 shares outstanding as of March 31, 2026 and December 31 2025, respectively	5,665	3,711
Additional paid-in capital	590,024,159	470,809,478
Accumulated deficit	(120,160,541)	(72,817,344)
Treasury stock, at cost, 246 shares held in treasury as of March 31, 2026 and December 31, 2025	(69,965)	(69,965)
Total stockholders' equity	469,799,318	397,925,880
Total liabilities and stockholders' equity	\$ 584,654,613	\$ 519,146,435

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

CANTON STRATEGIC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2026	2025
Operating expenses		
Research and development	\$ 267,823	\$ 594,070
General and administrative	36,600,488	1,952,599
Total operating expenses	36,868,311	2,546,669
Loss from operations	(36,868,311)	(2,546,669)
Other income (expense)		
Interest expense	-	(8,471)
Interest income	318,178	13,436
Unrealized loss from digital assets holdings	(15,013,304)	-
Total other income (expense), net	(14,695,126)	4,965
Total loss before income taxes	(51,563,437)	(2,541,704)
Provision (benefit) for income taxes	(4,220,240)	-
Net loss	\$ (47,343,197)	\$ (2,541,704)
Net loss per share:		
Basic and diluted	\$ (0.23)	\$ (0.99)
Weighted average number of common shares outstanding:		
Basic and diluted	207,705,905	2,572,715

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

CANTON STRATEGIC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (UNAUDITED)

	Common Stock		Additional	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-in Capital	Deficit	Shares	Amount	
For the three months ended March 31, 2025:							
Balance, December 31, 2024	1,973,999	\$ 198	\$ 38,278,503	\$ (36,901,094)	246	\$ (69,965)	\$ 1,307,642
Cashless exercise of pre-funded warrants	100,000	10	(10)	-	-	-	-
Stock issued pursuant to bonus liability	-	-	200,212	-	-	-	200,212
Restricted stock unit issuance pursuant to services agreement	35,000	3	(3)				
Net loss	-	-	-	(2,541,704)	-	-	(2,541,704)
Stock based compensation	-	-	219,179	-	-	-	219,179
Balance, March 31, 2025	<u>2,108,999</u>	<u>\$ 211</u>	<u>\$ 38,697,881</u>	<u>\$ (39,442,798)</u>	<u>246</u>	<u>\$ (69,965)</u>	<u>\$ (814,671)</u>
For the three months ended March 31, 2026:							
Balance, December 31, 2025	37,112,466	\$ 3,711	\$ 470,809,478	\$ (72,817,344)	246	\$ (69,965)	\$ 397,925,880
Registered direct public offerings, net of issuance costs of \$2,195,772	1,800,000	180	52,698,348	-	-	-	52,698,528
At-the-market offerings, net of issuance costs	7,921,179	792	34,992,622	-	-	-	34,993,414
Cashless exercise of pre-funded warrants	9,590,012	959	(959)	-	-	-	-
Cashless exercise of common warrants	5,680	1	(1)	-	-	-	-
Exercise of common warrants	64,579	6	94,705	-	-	-	94,711
Restricted stock unit issuance pursuant to service agreement	162,601	16	(16)	-	-	-	-
Issuance costs	-	-	(829,775)	-	-	-	(829,775)
Net loss	-	-	-	(47,343,197)	-	-	(47,343,197)
Stock based compensation	-	-	32,259,757	-	-	-	32,259,757
Balance, March 31, 2026	<u>56,656,517</u>	<u>\$ 5,665</u>	<u>\$ 590,024,159</u>	<u>\$ (120,160,541)</u>	<u>246</u>	<u>\$ (69,965)</u>	<u>\$ 469,799,318</u>

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

CANTON STRATEGIC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (47,343,197)	\$ (2,541,704)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized loss from digital assets holdings	15,013,304	-
Deferred tax benefit	(4,220,240)	-
Stock based compensation	32,259,757	219,179
Increase in operating assets:		
Prepaid expenses and other current assets	(1,199,792)	(423,103)
Increase in operating liabilities:		
Accounts payable	(687,963)	63,003
Accrued expenses	(1,457,057)	(6,376)
Net cash used in operating activities	(7,635,188)	(2,689,001)
Cash flows from investing activities:		
Purchase of digital assets	(54,822,298)	-
Net cash used in investing activities	(54,822,298)	-
Cash flows from financing activities:		
Proceeds from issuance of common stock upon registered direct public equity offerings	54,894,300	-
Proceeds from issuance of common stock upon at-the-market offerings	35,526,308	-
Proceeds from exercise of common stock warrants	94,711	-
Payment of deferred offering costs and other issuance costs	(3,558,441)	-
Proceeds from insurance premium financing liability	-	308,924
Repayment of insurance premium financing liability	-	(60,325)
Repayments of note payable	-	(43,031)
Net cash provided by financing activities	86,956,878	205,568
Net increase (decrease) in cash	24,499,392	(2,483,433)
Cash, beginning of period	17,032,748	3,559,361
Cash, end of period	\$ 41,532,140	\$ 1,075,928
Cash paid for interest expense	\$ -	\$ 8,471
Supplemental disclosure of non-cash financing activities:		
Issuance of note payable for settlement of previously incurred professional fees	\$ -	\$ 314,485
Issuance of options to settle liability	\$ -	\$ 200,212

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

CANTON STRATEGIC HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 – Description of Business

Nature of Operations

Canton Strategic Holdings, Inc., formerly known as Tharimmune, Inc. (“Canton Strategic,” “Tharimmune,” or the “Company”) was incorporated on March 28, 2017, as a Delaware C-corporation. At March 31, 2026, Canton Strategic had one wholly-owned subsidiary: Gravitass Life Sciences, Inc. (“Gravitass”), formerly known as Hillstream Oncology, Inc.

Digital Asset Treasury Strategy

On November 6, 2025, in connection with a private placement with certain accredited investors (see Note 4 to the consolidated financial statements), Canton Strategic Holdings, Inc. announced the launch of a digital asset treasury strategy, pursuant to which the Company became the first publicly traded company to leverage Canton Coin (“CC”) and support the Canton Network to advance institutional blockchain adoption and the digitization of financial markets.

Under the new treasury policy and strategy, the principal holding in our treasury reserve on the balance sheet will be allocated to digital assets, primarily CC by applying a public-market treasury model to an asset that is believed to be earlier in its lifecycle, structurally reflexive, and underexposed as compared to other digital assets. The planned approach involves acquiring CC directly through operation as a Super Validator and run additional Validators on the Canton Network as a mechanism to obtain additional CC.

In addition to operating the Company’s previous clinical-stage biotechnology business, management will focus its resources on the new treasury policy and a significant portion of the balance sheet will be allocated to holding CC digital assets in the digital asset treasury.

On February 18, 2026, in conjunction with this strategy, the Company changed its name from Tharimmune, Inc. to Canton Strategic Holdings, Inc. pursuant to an amended and restated Certificate of Incorporation filed with the Delaware Secretary of State.

Clinical-stage Biotechnology Business

As a subsidiary of Canton Strategic, Gravitass is a clinical-stage biotechnology company developing therapeutic candidates for unmet needs. GV104, its’ lead clinical stage development candidate obtained via a Patent License Agreement with Avior Bio, LLC. (“the Avior Agreement”), is being developed for a proposed indication of *temporary prophylaxis of respiratory and/or nervous system depression in military personnel and chemical incident responders entering an area contaminated with high-potency opioids* (“PrHPO”). The FDA provided feedback that will allow Gravitass to submit a 505(b)(2) New Drug Application (“NDA”) for GV104 and confirmed that it does not believe any additional clinical trials will be required to define the prophylactic dosing window prior to NDA submission for this indication. Gravitass is progressing its Chemistry, Manufacturing, and Controls (“CMC”) plan to meet the stringent requirements for filing an NDA. Gravitass’ second program, GV023, obtained via a Patent License Agreement with Intracell Pharma Limited (the “Intracell Agreement”), is an oral anti-Tumor Necrosis Factor-alpha (TNF- α) monoclonal antibody with the known active biologic, infliximab. Infliximab is a purified, recombinant DNA-derived chimeric IgG monoclonal antibody protein that contains both murine and human components that inhibit TNF- α . Under the terms of the Intracell Agreement, Gravitass licensed global development and commercialization rights (outside of South Korea) to Intracell’s Soteria[®] and Phloral[®] delivery platform along with an existing supply agreement for infliximab to be used in the oral product development program. Gravitass has also developed preclinical candidates targeting validated high value immuno-oncology (“IO”) targets including human epidermal growth factor (“EGF”) receptor 2 (“HER2”), human EGF receptor 3 (“HER3”) and programmed cell death protein 1 (“PD-1”).

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company operates in two reportable segments.

Principles of Consolidation

The consolidated financial statements include the accounts of Canton Strategic and its wholly-owned subsidiary, Gravitas. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes, and management must select an amount that falls within that range of reasonable estimates. Areas of the consolidated financial statements where estimates may have the most significant effect include fair value of cryptocurrency, research and development expense recognition, valuation of common shares and share-based compensation, allowances of deferred tax assets, valuation of debt related instruments, and cash flow assumptions regarding going concern considerations. Although management believes the estimates that have been used are reasonable, actual results could vary from the estimates that were used.

Segment Reporting

As a result of the Company’s adopting a digital asset treasury strategy, the Company now has two reportable segments: digital assets and clinical stage bio-technology. The digital assets segment operates a CC-centric digital asset treasury strategy. The clinical stage bio-technology segment develops therapeutic candidates for rare, inflammatory and oncologic conditions. See Note 9 for additional information on the Company’s segments.

Concentration of Credit Risk

The Company maintains cash balances with various financial institutions. Account balances at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. At various times during the year, bank account balances may have been in excess of federally insured limits. The Company has not experienced losses in such accounts. The Company believes that it is not subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents, if any, are stated at cost and consist primarily of money market accounts.

Digital Assets

The Company accounts for its digital assets, which are comprised of CC, as intangible assets in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350-60, *Intangibles—Goodwill and Other-Crypto Assets*. The Company’s digital assets are initially recorded at cost and subsequently measured at fair value with the gain or loss associated with remeasurement of the digital assets recognized in net income (loss) during each reporting period. Upon disposal of a digital asset (e.g., by sale, exchange or transfer), the Company derecognizes the asset and recognizes a realized gain or loss in net income, calculated as the difference between the consideration received and the asset’s carrying amount.

The fair value of the Company’s digital assets is determined based on quoted prices in its principal market at the time of measurement. The Company determines its principal market as the market that it has access to and has the greatest volume and level of orderly transactions in accordance with FASB ASC 820, *Fair Value Measurement*. The Company tracks the cost of its digital assets using the first-in-first-out (FIFO) method.

Research and Development

Research and development costs are expensed as incurred. Research and development expenses include personnel costs associated with research and development activities, including third-party contractors to perform research, conduct clinical trials, and manufacture drug supplies and materials. These expenses also include costs associated with license fee arrangements and collaboration agreements, including milestone payments and ongoing license fees, which are also expensed as incurred. The Company accrues for costs incurred by external service providers, including contract research organizations and clinical investigators, based on its estimates of service performed and costs incurred. These estimates include the level of services performed by third parties, patient enrollment in clinical trials, administrative costs incurred by third parties, and other indicators of the services completed.

Stock-Based Compensation

The Company recognizes compensation costs resulting from the issuance of stock-based awards to employees, non-employees, and directors as an expense in the consolidated statements of operations over the requisite service period based on a measurement of fair value for each stock-based award. The fair value of common stock issued pursuant to termination agreements as well as restricted stock or restricted stock units is generally measured as the grant-date price of the Company’s common stock. The fair value of each option grant to employees, non-employees, and directors is estimated as of the date of grant using the Black-Scholes option-pricing model, net of actual forfeitures. The fair value is amortized as compensation cost on the straight-line basis over the requisite service period of the awards, which is generally the vesting period.

Prior to January 12, 2022, the Company was a private company and the Company’s common stock has only been publicly traded since that date. As a result, the Company has limited company-specific historical and implied volatility information. Therefore, it has estimated its expected stock volatility based on the historical data of a publicly traded set of peer companies. The expected term of stock options granted was between five and seven years. The risk-free interest rate was determined by reference to the U.S. Treasury yield curve in effect at the time of grant for time periods approximately equal to the expected term of the award.

Fair Value Measurements

The Company applies FASB ASC Topic 820, *Fair Value Measurement* (“ASC 820”), which establishes a framework for measuring fair value and clarifies the definition of fair value within that framework. ASC 820 defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company’s principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity’s own assumptions based on market data and the entity’s judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances.

The carrying value of the Company's cash, prepaid expenses, accounts payable, and accrued expenses approximate fair value because of the short-term maturity of these financial instruments.

The valuation hierarchy is composed of three levels. The classification within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The levels within the valuation hierarchy are described below:

Level 1 Inputs: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for assets or liabilities recently traded in active markets, with similar underlying terms, as well as direct or indirect observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals, as well as quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Inputs: Unobservable inputs, such as estimates, assumptions, and valuation techniques when little or no market data exists for the assets or liabilities, that reflect the reporting entity's own assumptions.

The Company applies ASC 820 in the valuation of CC held by the Company for financial statement purposes. The fair value of CC uses Level 1 inputs to reflect the price that would be received for CC in a current sale, which assumes an orderly transaction between market participants on the measurement date in CC's "principal market," or in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. The Company determines its principal market (or in the absence of a principal market, the most advantageous market) on a periodic basis to determine which market is its principal market for the purpose of calculating fair value for the creation of quarterly and annual financial statements. Issuer-specific events, market trends, bid/ask quotes of brokers and information providers and other data may be reviewed in the course of making a good faith determination of the digital asset's fair value.

Income Taxes

The Company accounts for income taxes using the asset-and-liability method in accordance with FASB ASC Topic 740, *Income Taxes* ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

Deferred income taxes are recognized for the tax effect of temporary differences between the financial statement carrying amount of assets and liabilities and the amounts used for income tax purposes and for certain changes in valuation allowances. Valuation allowances are recorded to reduce certain deferred tax assets when, in management's estimation, it is more-likely-than-not that a tax benefit will not be realized. A full valuation allowance has been recognized for all periods since it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized in future periods.

The Company follows the guidance in FASB ASC Subtopic 740-10 in assessing uncertain tax positions. The standard applies to all tax positions and clarifies the recognition of tax benefits in the financial statements by providing for a two-step approach of recognition and measurement. The first step involves assessing whether the tax position is more-likely-than-not to be sustained upon examination based upon its technical merits. The second step involves measurement of the amount to be recognized. Tax positions that meet the more-likely-than-not threshold are measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate finalization with the taxing authority. The Company recognizes the impact of an uncertain income tax position in the financial statements if it believes that the position is more-likely-than-not to be sustained by the relevant taxing authority. The Company will recognize interest and penalties related to tax positions in income tax expense. At March 31, 2026 and December 31, 2025, the Company had no unrecognized uncertain income tax positions, and therefore no amounts have been recognized in the consolidated financial statements.

Patent Costs

Costs associated with the submission of patent applications, including milestone fees and success fees, are expensed as incurred given the uncertainty of the future economic benefits of the patents. Patent and patent related legal and administrative costs are included in general and administrative expenses in the accompanying consolidated statements of operations.

Net Loss per Share

The Company reports loss per share in accordance with FASB ASC Subtopic 260-10, *Earnings Per Share*, which provides for calculation of basic and diluted earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. The calculation of diluted net earnings (loss) per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive.

Potentially dilutive securities not included in the computation of loss per share for the three months ended March 31, 2026 and 2025 are as follows:

	For the three months ended March 31,	
	2026	2025
Outstanding options to purchase shares of common stock	656,163	242,788
Warrants to purchase shares of common stock	13,239,833	928,676
Total potentially dilutive securities	13,895,996	1,171,464

Recent Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. This standard requires certain crypto assets meeting defined criteria to be measured at fair value each reporting period with changes in fair value recognized in net income, presented separately from other intangible assets and accompanied by enhanced disclosures. This standard was effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted this standard during the year ended December 31, 2025 in conjunction with its new treasury strategy. Since the Company held no digital assets until November 2025, the adoption of this standard had no impact to prior reported financial statements and no cumulative adjustment to retained earnings was required or recorded.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires expanded segment reporting and disclosure and is effective for the Company for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this guidance in the year ended December 31, 2025 as it previously did not have multiple reportable segments. This standard did not have a material impact on its financial statements other than enhanced disclosures.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which expands income tax footnote disclosure requirements, including rate reconciliation and income taxes paid disclosures. The standard is effective for fiscal years beginning after December 15, 2024. The ASU affects disclosure only and does not impact the recognition or measurement of income taxes under ASC 740. Accordingly, adoption of ASU 2023-09 had no impact on the Company’s income tax provision.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* and in January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarified the effective date of ASU 2024-03 for non-calendar year-end companies. ASU 2024-03 will require the Company to disclose the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization, as applicable, included in certain expense captions in the consolidated statements of operations, as well as qualitatively describe remaining amounts included in those captions. ASU 2024-03 will also require the Company to disclose both the amount and the Company’s definition of selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 31, 2027. The Company is currently evaluating the effects of the pronouncement on its consolidated financial statements.

Note 3 – Digital Assets

The following table sets forth the units held, cost basis, and fair value of CC held, as shown on the consolidated balance sheet as of March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Canton Coin		
Units held	3,677,150,850	3,339,567,946
Cost basis	\$ 578,593,029	\$ 523,770,731
Fair value	\$ 541,569,363	\$ 501,760,369

Cost basis is equal to the cost of the digital asset, net of any transaction fees, if any, at the time of purchase or upon receipt. Fair value represents the quoted digital assets prices within the Company’s principal market at the time of measurement.

The following table presents a reconciliation of digital assets held as of March 31, 2026:

Fair value, December 31, 2025 balance	\$ 501,760,369
Additions from purchases	54,822,298
Unrealized losses	(15,013,304)
Fair value, March 31, 2026 balance	<u>\$ 541,569,363</u>

Note 4 – Common Stock

Pursuant to the Company’s Certificate of Incorporation, as amended (filed October 10, 2025), the Company has 1,000,000,000 (previously 250,000,000) shares of common stock authorized for issuance.

On November 3, 2025, the Company entered into securities purchase agreements (the “Cash Securities Purchase Agreements”) with certain accredited investors (the “Cash Purchasers”) pursuant to which the Company agreed to sell and issue to the Cash Purchasers in a private placement offering (the “Cash Offering”) an aggregate of 25,966,048 shares of common stock of the Company (the “Cash Shares”), par value \$0.0001 per share (“Common Stock”) and/or pre-funded warrants (the “Cash Pre-Funded Warrants”) to purchase 6,351,021 shares of Common Stock (the “Cash Pre-Funded Warrant Shares”) at an offering price of \$3.075 per share (the “Per Share Cash Purchase Price”) for gross proceeds of approximately \$99.4 million. Each of the Cash Pre-Funded Warrants is immediately exercisable for one share of Common Stock subject to certain beneficial ownership limitations set forth therein.

Additionally, on November 3, 2025, the Company entered into securities purchase agreements (the “Cryptocurrency Securities Purchase Agreements”) with certain accredited investors (the “Cryptocurrency Purchasers”) pursuant to which the Company agreed to sell in a private placement (the “Cryptocurrency Offering”) pre-funded warrants (the “Cryptocurrency Pre-Funded Warrants”) to purchase 145,105,094 shares of Common Stock at an offering price of \$3.075 for gross proceeds in Canton Coin of approximately \$446.2 million. The Cryptocurrency Purchasers will tender Canton Coin to the Company as consideration for the Cryptocurrency Pre-Funded Warrants. The exercise of the Cryptocurrency Pre-Funded Warrants into Common Stock is subject to shareholder approval (“Shareholder Approval”) and such warrants will not be exercisable until such Shareholder Approval is received. Net proceeds to the Company from the combined Cash Offering and Cryptocurrency Offering were approximately \$537.1 million after deducting \$8.5 million in offering costs. Both the Cash Offering and Cryptocurrency Offering closed on November 6, 2025.

In conjunction with the Cash Securities purchase Agreements and the Cryptocurrency Securities Purchase Agreements, the Company issued strategic advisor warrants to purchase up to 10,318,215 shares of the Company’s common stock, exercisable at \$0.001 per share (the “Strategic Advisor Warrants”). In accordance with Nasdaq Listing Rule 5635(a), the issuance of shares pursuant to the Strategic Advisor Warrants were approved by shareholders on January 30, 2026.

On November 6, 2025, the Company entered into an at-the-market agreement (the “2025 ATM Agreement”) with ClearStreet LLC and President Street Global LLC (the “ATM Sales Agents”) under which the Company may sell, from time to time through the ATM Sales Agents, shares of common stock in one or more offerings up to a total dollar amount of \$65 million. On December 3, 2025 President Street Global LLC provided notice to the Company terminating participation in the 2025 ATM Agreement, leaving Clear Street LLC as the sole ATM Sales Agent. Sales of shares of the Company’s common stock through the ATM Sales Agent, if any, will be made by any method permitted by law deemed to be an “at the market offering” as defined in Rule 415(a)(4) under the Securities Act of 1933, as amended (the “Securities Act”), including, without limitation, sales made directly on the Nasdaq Stock Market LLC or any other existing trading market for the common shares. The Company’s common stock was being offered and sold pursuant to the Company’s effective shelf registration statement on Form S-3 and an accompanying prospectus declared effective by the U.S. Securities and Exchange Commission (the “SEC”) on March 24, 2023, and pursuant to a prospectus supplement dated November 7, 2025. As of December 31, 2025, the Company had sold 1,657,799 shares of common stock pursuant to the 2025 ATM Agreement for net proceeds of approximately \$5.1 million after deducting commissions of approximately \$0.1 million.

On January 21, 2026, the Company closed an underwritten direct offering for 1,800,000 shares of its common stock, par value \$0.0001 per share at an offering price of \$2.92 per share and pre-funded warrants to purchase up to 17,000,000 shares of common stock at an offering price of \$2.9199 per pre-funded warrant. The exercise price of each pre-funded warrant is \$0.0001 per share (the “January 2026 Offering”). Net proceeds to the Company for the January 2026 Offering were approximately \$52.7 million after deducting \$2.2 million in offering costs.

The January 2026 Offering was made pursuant to the Company’s shelf registration statement on Form S-3 (Registration Statement No. 333-292648), including the prospectus included therein, previously filed with the Securities and Exchange Commission (the “SEC”) and which became effective on January 16, 2026, and a prospectus supplement and the accompanying prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act.

On February 18, 2026, the Company’s common stock began trading under the ticker symbol, “CNTN.”

On March 3, 2026, the Company entered into an amended and restated sales agreement (the “March 2026 ATM Agreement”), with Clear Street and Virtu Americas LLC (“Virtu”, and together with Clear Street, the “Sales Agents”), relating to the sale of shares of the Company’s common stock. The sales agreement amends and restates the 2025 ATM Agreement. Pursuant to the March 2026 ATM Agreement, the aggregate gross sales price of common stock available for issuance under the Sales Agreement is \$300,000,000 and such amount excludes the common stock previously sold under the 2025 ATM Agreement. The Company’s common stock is being offered and sold pursuant to the Company’s effective shelf registration statement on Form S-3 (Registration Statement No. 333-292648), including the prospectus included therein, previously filed with the SEC which became effective on January 16, 2026. For the three months ended March 31, 2026 the Company has sold 7,921,179 shares of common stock pursuant to the 2025 ATM Agreement and March 2026 ATM Agreement for net proceeds of approximately \$35 million after deducting commissions of approximately \$0.5 million.

Note 5 – Stock Based Compensation

Incentive Plans and Options

Under the Company’s 2017 Stock Incentive Plan (the “2017 Plan”) the Company could grant incentive stock options, non-statutory stock options, rights to purchase common stock, stock appreciation rights, restricted stock, performance shares, and performance units to employees, directors, and consultants of the Company and its affiliates. Up to 261 shares of the Company’s common stock could be issued pursuant to the 2017 Plan.

The Company granted options to acquire 255 shares of common stock at \$4,950 per share under the 2017 Plan. During the three months ended March 31, 2026, options to acquire 120 shares of common stock were forfeited. At March 31, 2026 there were no options outstanding. At December 31, 2025, there were 120 options outstanding to acquire shares of common stock.

In July 2019, the Company authorized the 2019 Stock Incentive Plan (the “2019 Plan”). Under the 2019 Plan, the Company could grant incentive stock options, non-statutory stock options, rights to purchase common stock, stock appreciation rights, restricted stock, performance shares, and performance units to employees, directors, and consultants of the Company and its affiliates.

The Company granted options to acquire 10,452 shares of common stock under the 2019 Plan, of which 4,940 were exercised. During the three months ended March 31, 2026, options to acquire 759 shares of common stock were forfeited. There are stock options outstanding to acquire 134 shares of common stock with a weighted-average exercise price of \$498.75 and weighted average contractual terms of 6.0 years at March 31, 2026. At December 31, 2025 there were 893 options outstanding to acquire shares of common stock.

On August 17, 2023, the Company authorized the Tharimmune, Inc., Inc. 2023 Omnibus Incentive Plan (as amended, the “2023 Plan”). Under the 2023 Plan, the Company may grant incentive stock options, non-statutory stock options, rights to purchase common stock, stock appreciation rights, restricted stock, performance shares, and performance units to employees, directors, and consultants of the Company and its affiliates. Under an amendment and restatement to the 2023 Plan approved by the Company’s stockholders on May 14, 2024, an “evergreen” provision was added to automatically increase the number of shares available under the 2023 Plan on January 1 annually, beginning January 1, 2025 and ending January 1, 2033, equal to the lesser of five percent of the shares of common stock outstanding (on an as-converted basis) on the final day of the immediately preceding calendar year or such lesser number of shares of the Company’s common stock as determined by the Board of Directors. Effective January 1, 2025, an additional 98,688 shares of the Company’s common stock were added to the 2023 Plan, effective June 10, 2025, the shareholders approved an amendment to the 2023 Plan, increasing the 2023 Plan by 520,314 shares, effective October 9, 2025, the shareholders approved an additional amendment to the 2023 Plan, increasing the 2023 Plan by 1,207,398 shares, to a total of 2,000,000 shares available under the 2023 Plan. On January 30, 2026 shareholders approved an amendment to the 2023 Plan, increasing the shares authorized by 7,000,000 to a total of 9,000,000. 7,793,342 and 802,671 shares of common stock remained available for issuance under the 2023 Plan as of March 31, 2026 and December 31, 2025, respectively.

During the three months ended March 31, 2026 and 2025, the Company granted 0 and 133,833 options to acquire shares of common stock under the 2023 Plan, respectively. During the three months ended March 31, 2026 and 2025, there were no options forfeited or exercises under the 2023 Plan. As of March 31, 2026 there were stock options outstanding to acquire 656,029 shares of common stock with a weighted-average exercise price of \$1.94 and weighted-average contractual terms of 9.3 years.

The following table summarizes stock-based activities under the 2017 Plan, 2019 Plan, and 2023 Stock Incentive Plans:

	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Contractual Terms
Outstanding at December 31, 2025	657,042	\$ 4.32	9.5 years
Forfeited	(879)	\$ 1,626.87	N/A
Outstanding at March 31, 2026	<u>656,163</u>	<u>\$ 2.04</u>	9.3 years
Exercisable options at March 31, 2026	<u>656,163</u>	<u>\$ 2.04</u>	9.3 years
Vested and expected to vest at March 31, 2026	<u>656,163</u>	<u>\$ 2.04</u>	9.3 years

The fair value of stock option awards is estimated at the date of grant using the Black-Scholes option-pricing model. The estimated fair value of each stock option is then expensed over the requisite service period, which is generally the vesting period (ranging between immediate vesting and four years). The determination of fair value using the Black-Scholes model is affected by the Company's share price as well as assumptions regarding a number of complex and subjective variables, including expected price volatility, expected life, risk-free interest rate and forfeitures. Forfeitures are accounted for as they occur.

Stock options granted during the three months ended March 31, 2026 and 2025 were valued using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	For the three months ended March 31,	
	2026	2025
Expected volatility	N/A	102.3%
Risk-free interest rate	N/A	4.61%
Expected dividend yield	N/A	0%
Expected life of options in years	N/A	5.0
Estimated fair value of options granted	N/A	1.5

There were no options granted in the three months ended March 31, 2026. The weighted-average grant date fair value of stock options granted during three months ended March 31, 2025 was approximately \$1.50. There were no options that vested in the three months ended March 31, 2026. All options granted were fully vested as of December 31, 2025. The weighted-average fair value of stock options vested during the three months ended March 31, 2025 was approximately \$2.57.

Total stock-based compensation expense included in the accompanying consolidated statements of operations was as follows:

	For the three months ended March 31,	
	2026	2025
Research and development	\$ -	\$ 93,865
General and administrative	32,259,757	125,341
Total stock-based compensation	<u>\$ 32,259,757</u>	<u>\$ 219,179</u>

As of March 31, 2026, there was no unrecognized compensation expense related to non-vested options.

Warrants

The Company has issued warrants to purchase shares of common stock in connection with various offerings, including those described in Note 4. The exercise of the Cryptocurrency Pre-Funded Warrants into common stock was subject to shareholder approval, and was approved on January 30, 2026 at a special meeting.

The Strategic Advisor Warrants are compensatory and the issuance of shares pursuant to their exercise was approved by shareholders on January 30, 2026 so the Company recorded \$31,728,511 of stock based compensation expense for the three months ended March 31, 2026. The Strategic Advisory Warrants were valued at \$3.075, the per share offering price of the Cash Offering and Cryptocurrency Offering which closed on November 6, 2025.

Terms of the warrants outstanding at March 31, 2026 are as follows:

Issuance Date	Initial Exercise Date	Expiration Date	Exercise Price	Warrants Issued	Warrants Exercised	Warrants Outstanding
January 14, 2022	July 10, 2022	January 11, 2027	\$ 1,875.00	500	-	500
May 2, 2023	November 2, 2023	May 2, 2028	\$ 234.375	424	-	424
November 30, 2023	May 27, 2024	May 2, 2028	\$ 18.75	20,000	-	20,000
June 21, 2024	June 21, 2024	N/A	\$ 0.001	452,253	452,253	-
June 21, 2024	June 21, 2024	December 21, 2029	\$ 3.09	329,771	229,430	100,341
June 21, 2024	June 21, 2024	December 21, 2029	\$ 3.06	39,573	-	39,573
December 9, 2024	December 9, 2024	N/A	\$ 0.001	491,157	491,157	-
December 9, 2024	June 9, 2025	December 9, 2030	\$ 2.03	480,721	317,673	163,048
December 9, 2024	June 9, 2025	December 9, 2030	\$ 2.031	57,687	-	57,687
June 20, 2025	June 20, 2025	N/A	\$ 0.001	137,838	137,838	-
June 20, 2025	December 20, 2025*	June 20, 2031*	\$ 1.29	1,689,189	858,111	831,078
June 20, 2025	December 20, 2025*	June 20, 2031*	\$ 3.00	844,570	114,862	729,708
June 20, 2025	December 20, 2025	June 20, 2031	\$ 1.29	118,243	6,739	111,504
June 20, 2025	December 20, 2025	June 20, 2031	\$ 3.00	59,119	-	59,119
July 25, 2025	July 25, 2025	N/A	\$ 0.001	559,910	559,910	-
July 25, 2025	January 25, 2026*	July 25, 2031*	\$ 1.66	974,241	260,354	713,887
July 25, 2025	July 25, 2025	N/A	\$ 0.001	103,490	103,490	-
July 25, 2025	January 25, 2026*	July 25, 2031*	\$ 1.52	744,680	699,088	45,592
July 25, 2025	January 25, 2026	July 25, 2031	\$ 1.66	52,128	2,971	49,157
August 26, 2025	August 26, 2026	N/A	\$ 0.001	983,111	983,111	-
November 6, 2025	November 6, 2025	N/A	\$ 0.001	6,351,021	-	6,351,021
November 6, 2025	November 6, 2025	N/A	\$ 0	145,105,094	9,590,012	135,515,082
November 6, 2025	January 30, 2026	January 30, 2031	\$ 0.001	10,318,215	-	10,318,215
January 21, 2026	January 21, 2026	N/A	\$.0001	17,000,000	-	17,000,000

* The exercise and expiration dates for the referenced common warrants were amended in October 2025 to reflect an exercise date of October 1, 2025.

Restricted Stock Units

During the three months ended March 31, 2025, as stock-based consideration for consulting services, the Company granted restricted stock units (“RSUs”) under the 2023 Plan representing the right to receive 35,000 shares of the Company’s common stock. During the three months ended March 31, 2026 as stock-based consideration for consulting services, the Company granted RSUs under the 2023 Plan representing the right to receive 15,000 shares of the Company’s common stock. The RSUs will 100% vest on June 30, 2026, provided that the grantee remains a consultant of the Company.

The grant date fair value of an RSU represents the closing price of the Company’s common stock on the date of grant. For those not vesting immediately, the estimated fair value of each RSU is then expensed over the requisite service period, which is generally the vesting period.

The total stock compensation expense related to RSUs for the three months ended March 31, 2026 and 2025 was \$31,248 and \$8,274, respectively. The total estimated fair value of unvested RSUs at March 31, 2026 was \$146,075, of which \$69,857 remains to be vested quarterly through June 30, 2026. As of March 31, 2026, there are 50,000 outstanding unvested RSUs, which will fully vest on June 30, 2026.

During the three months ended March 31, 2026 the Company issued 162,601 shares of common stock to Clear Street LLC in connection with their services as an advisor in the Cash Offering and Cryptocurrency Offering which closed on November 6, 2025 (the “Advisor RSUs”). The Advisor RSUs share issuance was approved by shareholders during a special meeting on January 30, 2026. The Advisor RSUs were valued at \$3.075 per share, the per share offering price of the Cash Offering and Cryptocurrency Offering which closed on November 6, 2025. The company recorded \$499,998 of stock compensation expense related to the Advisor RSUs for the three months ended March 31, 2026.

Note 6 – Income Taxes

The following table presents the income tax provision (benefit) and effective tax rate:

	Three Months Ended March 31,	
	2026	2025
Income tax provision (benefit)	(4,220,240)	-
Effective tax rate	8.2%	-

The effective tax rate reflects a full valuation allowance against net deferred tax assets, including tax loss carryforwards. The Company has recognized a deferred tax provision (benefit) in connection with unrealized gains or losses on Digital Assets.

Note 7 – Commitments and Contingencies

Research Collaboration and Product License Agreement with Minotaur Therapeutics, Inc. (“Minotaur”) and Commercial License Agreement with Taurus Biosciences, LLC (“Taurus”)

The Company has entered into a research collaboration and product license agreement with Minotaur (as amended, the “Minotaur Agreement”) and a commercial license agreement with Taurus (the “Taurus Agreement”) for use of certain technology, including OmniAb antibodies, to advance Picobodies against novel, unreachable, and undruggable epitopes in high-value validated targets starting with PD-1. The Minotaur Agreement and Taurus Agreement are for the development of proprietary targeted biologics, including GV1940, against PD-1. It is anticipated that the Company will collaborate with Minotaur under the license from Taurus to discover, develop, and advance biotherapeutics against high-value validated IO targets starting with PD-1.

The Minotaur Agreement included an up-front payment of \$150,000, which was paid in January 2023. In addition, the Company shall fund the discovery and characterization study performed by Minotaur as set forth in the Minotaur Agreement. Pursuant to the Minotaur Agreement, the Company shall pay Minotaur a milestone payment of \$1,000,000 for each first Product (as defined in the Minotaur Agreement) directed against a target and first regulatory approval in the U.S. In addition, the Company shall pay a low single digit royalty on net sales until the later of (i) ten years after the First Commercial Sale (as defined in the Minotaur Agreement) of such Product in such country and (ii) the expiration of the last-to-expire Valid Claim (as defined in the Minotaur Agreement) of a Collaboration Patent (as defined in the Minotaur Agreement) or MINT Patent (as defined in the Minotaur Agreement) covering the manufacture, use, or sale of such Product. The Taurus Agreement contains single digit payments on net product sales and certain development milestone payments tied to the advancement through clinical trials and final regulatory approval.

During the three months ended March 31, 2026 and 2025, the Company incurred no fees to Minotaur.

Research and Development Collaboration and License Agreement with Applied Biomedical Science Institute

On July 5, 2023 (the “ABSI Effective Date”), the Company entered into a Research and Development Collaboration and License Agreement (the “ABSI Agreement”) with ABSI pursuant to which ABSI granted the Company an exclusive royalty-bearing, sublicensable license to the ABSI Patents (as defined in the ABSI Agreement) and a non-exclusive, royalty-bearing, sublicensable license to the ABSI Know-How (as defined in the ABSI Agreement) to Exploit (as defined in the ABSI Agreement) the ABSI Products (as defined in the ABSI Agreement) for the treatment, diagnosis, prediction, detection or prevention of disease in humans and animals worldwide (the “Territory”).

Pursuant to the ABSI Agreement, the parties shall form a committee to manage the preclinical, investigational new drug enabling studies and such other activities as shall lead to the initiation of a Phase 1 clinical trial of the ABSI Product. The parties will collaborate on a Target-by-Target basis to identify and evaluate ABSI Products directed against such Target (as defined below) with a view to identifying or generating suitable Products (as defined in the ABSI Agreement) for the Company to Exploit. “Target” means ErB2 (Her2) and ErbB3. Upon completion of the Discovery Timeline (as defined in the ABSI Agreement) for a Target, subject to the terms and conditions of ABSI Agreement, the Company shall exclusively own any ABSI Products against such Target. In the event the committee determines that the discovery activities are unsuccessful with respect to a Target, the Company may propose an additional target, which, upon approval by ABSI, shall replace a failed Target.

Pursuant to the ABSI Agreement: (i) the Company issued ABSI 25,107 shares of its common stock which is equal to \$250,000 based on the ten day trailing volume weighted-average price of the Company’s common stock prior to the date of issuance, (ii) in the event the Company closes a financing pursuant to which it receives more than \$10 million in Net Proceeds (as defined in the ABSI Agreement), the Company shall pay ABSI a mid-six digit amount; (iii) upon the achievement of certain milestones as set forth in the ABSI Agreement, the Company shall pay ABSI up to an aggregate of \$8,250,000; (iv) after the second anniversary of the ABSI Effective Date, the Company shall pay ABSI a low five digit amount for the first year and a mid-five digit amount thereafter during the Royalty Term (as defined in the ABSI Agreement); and (v) during the Royalty Term for each Product, the Company shall pay ABSI a quarterly royalty on the Net Sales (as defined in the ABSI Agreement) with royalties at percentages which range from the low to mid-single digits, with high Net Sales being subject to lower royalty rates, subject to adjustment as set forth in the ABSI Agreement. In addition, in the event the Company transfers all or substantially all of its rights to a Product to a third party, the Company shall pay to ABSI the percentage of Net Proceeds attributable to the transfer of the Product. Specifically, the Company shall pay ABSI amounts at percentages which range from the mid-single digit to low double digits depending on the Company Expenses (as defined in the ABSI Agreement), with higher Company Expenses being subject to lower rates.

On a Product-by-Product basis, upon the expiration of the last Royalty Term of such Product in the Territory, licenses granted to the Company with respect to such Product shall be deemed non-exclusive, fully paid, royalty-free, perpetual and irrevocable. The ABSI Agreement shall expire upon the expiration of the last Royalty Term of the last Product, unless such agreement is terminated earlier pursuant to its terms. The ABSI Agreement may also be terminated (i) by either the Company or ABSI for (A) a material breach of the ABSI Agreement or (B) bankruptcy, (ii) ABSI may terminate the ABSI Agreement upon the commencement of a Challenge Proceeding (as defined in the ABSI Agreement) or (iii) the Company may terminate the ABSI Agreement at any time upon 90 days prior written notice to ABSI. Upon termination or expiration of the ABSI Agreement other than as a result of a bankruptcy or Challenge Proceeding, all licenses granted to the Company pursuant to such agreement will terminate and all rights under such licenses shall revert to ABSI.

On March 11, 2024, the Company entered into an addendum to the ABSI Agreement to fund research services with quarterly payments of \$50,000 beginning March 18, 2024 with subsequent payments due on the 18th of each calendar quarter. Effective July 31, 2025, the quarterly services agreement was terminated. During the three months ended March 31, 2026 and 2025, the Company incurred research service expense of \$0 and \$50,000 to ABSI, respectively.

Avior Patent License Agreement

On November 3, 2023 (the “Avior Effective Date”), the Company entered into the Avior Patent License Agreement with Avior pursuant to which the Company received an exclusive sublicensable right and license to Licensed Patent Rights and Licensed Technology to, among other things, Develop, have Developed, make, have made, use, sell, import, export and commercialize GV104 and GV103 and to practice the Licensed Technology in connection with the foregoing, throughout the world. Pursuant to the Avior Patent License Agreement, the Company paid Avior an up front license fee of \$0.4 million within ten days of the Avior Effective Date and a quarterly license fee of \$0.15 million which was paid at the end of each fiscal quarter following the Avior Effective Date. In addition, the Company shall pay Avior a high single digit percentage of any upfront payments received by it as a result of the grant of any sublicenses with respect to GV104. The Company shall also pay Avior milestone payments in the aggregate amount of \$27,250,000 upon the occurrence of various development milestones (the “Development Milestone Payments”). Furthermore, the Company shall pay Avior certain fees based upon sales milestones. The payments for such sales milestones range from the low seven digits to the low eight digits with higher sales being subject to higher fees. Finally, the Company shall pay Avior royalties based on net sales. Such royalties range from low single digit percentages to mid-single digit percentages with higher sales being subject to lower percentages. The Avior Patent License Agreement shall expire upon the expiration of the final payment obligation due to Avior as set forth in such agreement. Upon the expiration of the Avior Patent License Agreement, the Company shall have a fully paid, irrevocable, freely transferable and sublicensable worldwide license to the Licensed Patent Rights and Licensed Technology to Develop, have Developed, make, have made, use, have used sell, offer for sale, have sold, import, have imported, export, have exported, commercialize or have commercialized any and all Licensed Products and to practice the Licensed Technology worldwide. Pursuant to the Avior Patent License Agreement, the Company may terminate the agreement at any time without cause, upon 30 days’ prior written notice to Avior along with payment of the next unpaid Development Milestone Payment, if any. Furthermore, either the Company or Avior may terminate the Avior Patent License Agreement (i) on written notice to the other party if the other party materially breaches any provision of the Avior Patent License Agreement and fails to cure such breach within 30 days after the breaching party receives written notice thereof or (ii) on written notice in the event that either party (A) becomes insolvent or admits its inability to pay its debts generally as they become due; (B) becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, which is not fully dismissed or vacated within 60 days; (C) is dissolved or liquidated or takes any corporate action for such purpose; (D) makes a general assignment for the benefit of creditors; or (E) has a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business. Upon termination of the Avior Patent License Agreement, the license granted pursuant to such agreement shall terminate and all rights in the Licensed Patent Rights and Licensed Products shall revert back to Avior.

During the three months ended March 31, 2026 and 2025, the Company incurred milestone fees to Avior of \$0 and \$200,000, respectively in accordance with the terms of the agreement.

Enkefalos License Agreement

On June 17, 2024 (the “Enkefalos Effective Date”), the Company signed a letter of intent to enter into the Enkefalos License Agreement with Enkefalos Biosciences Inc. (“Enkefalos”) pursuant to which the Company is licensing the global rights in all fields of use for the products related to the compounds known as cyclotides to deliver HER2 antibodies across the blood-brain barrier and all associated know-how, technology, intellectual property and related information and constructs, and any associated authorized generic rights and all related assets (collectively, the “Products” referred to in this letter as ENBI-01) from Enkefalos. This agreement was terminated during the six months ended June 30, 2025. Pursuant to the Enkefalos License Agreement, the Company paid Enkefalos an up-front license fee of \$150,000, included within research and development expenses, within ten days of the Enkefalos Effective Date. Upon termination of the Enkefalos License Agreement, the license granted pursuant to such agreement terminated and all rights in the Licensed Patent Rights and Licensed Products reverted back to Enkefalos.

During the three months ended March 31, 2026 and 2025, the Company incurred license fees of \$0 and \$200,000, respectively to Enkefalos in accordance with the terms of the agreement.

Intract Patent License Agreement

On September 11, 2024, the Company entered into the Intract Agreement pursuant to which the Company exclusively licensed INT-023/TH023, an oral anti-Tumor Necrosis Factor-alpha (TNF- α) monoclonal antibody infliximab. Under the terms of the Intract Agreement, the Company licensed global development and commercialization rights (outside of South Korea) to Intract’s Soteria® and Phloral® delivery platform along with an existing supply agreement for infliximab to be used in the oral product development program. Pursuant to the Intract Agreement, the Company paid Intract an up-front license fee of \$0.4 million and Intract is eligible to receive additional payments upon an equity financing of the Company and additional payments for future development, regulatory and commercial milestones, as well as mid-single digit royalties based on net product sales. During the six months ended June 30, 2025, the Company amended the Intract Agreement to change the payment terms of certain milestone fees, which increased the total milestone fees by \$0.15 million. Pursuant to the Intract Agreement, the Company retains a right of first refusal to continue development and commercialization after a Phase 2 clinical trial. In addition, the Company has the option to exercise the license to Intract’s platform for up to four additional targets. The term of the Intract Agreement expires upon the final payment obligation of Canton Strategic Holdings, Inc. and may be terminated by Canton Strategic Holdings, Inc. at any time upon 90 days written notice to Intract. Either party may terminate the Intract Agreement if the other party materially breaches any provision of the Intract Agreement and fails to cure such breach within 30 days after the breaching party receives written notice thereof. In addition, either party may terminate the Intract Agreement on written notice in the event that either party declare: (a) becomes insolvent or admits inability to pay its debts generally as they become due; (b) becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, which is not fully dismissed or vacated within 60 days; (c) is dissolved or liquidated or takes any corporate action for such purpose; (d) makes a general assignment for the benefit of creditors; or (e) has a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

During the three months ended March 31, 2026 and 2025, the Company incurred fees of \$0 and \$600,000, respectively to Intract in accordance with the terms of the agreement.

Note 8 – Related Party Transactions

The Company's Chairman through year ended December 31, 2025 is a partner and licensed broker at President Street Global, a consultant for the Company. His combined ownership, both individually and through President Street Global and additional companies, is approximately 4% of the Company's outstanding common stock, including common shares available upon exercise of warrants and vested options to purchase shares of the Company's common stock. The Company made payments of \$800,000 to President Street Global for services rendered during the three months ended March 31, 2026.

During the three months ended March 31, 2026, the Company purchased \$47,222,299 of CC in OTC transactions from an affiliate cryptocurrency liquidity provider under the control of a shareholder who beneficially owns more than 5% of the Company's outstanding common stock.

Note 9 – Segment Reporting

The Company has two reportable segments: digital asset treasury and clinical stage bio-technology.

The Company's Chief Executive Officer serves as the Chief Operating Decision Maker ("CODM") and evaluates the financial performance of the business and makes resource allocation decisions on the basis of net income/(loss) before income taxes.

Summary segment financial performance measures evaluated by the CODM as of March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025:

	Segment Assets	
	March 31, 2026	December 31, 2025
Digital asset treasury segment	\$ 582,999,512	\$ 513,964,900
Clinical stage bio-technology segment	1,655,101	5,181,535
Total assets	<u>\$ 584,654,613</u>	<u>\$ 519,146,435</u>

Digital asset treasury segment

	For the three months ended March 31,	
	2026	2025
Loss from operations	\$ (35,221,181)	\$ -
Other income (expense) (a)	318,178	-
Unrealized loss on digital assets holdings	(15,013,304)	-
Total loss before income taxes	<u>\$ (49,916,307)</u>	<u>\$ -</u>

Clinical stage bio-technology segment

	For the three months ended March 31,	
	2026	2025
Loss from operations	\$ (1,647,130)	\$ (2,546,669)
Other income (expense) (a)	-	4,965
Total loss before income taxes	<u>\$ (1,647,130)</u>	<u>\$ (2,541,704)</u>

(a) Other income (expense) consists of interest income and interest expense.

The following table is a reconciliation of segment total loss before income taxes to our consolidated total loss before income taxes.

	For the three months ended March 31,	
	2026	2025
Digital asset treasury segment total loss before income taxes	\$ (49,916,307)	\$ -
Clinical stage bio-technology segment total loss before income taxes	(1,647,130)	(2,541,704)
Consolidated total loss before income taxes	<u>\$ (51,563,437)</u>	<u>\$ (2,541,704)</u>

Note 10 – Subsequent Events

Except as noted below, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

ATM Sales

From April 1, 2026 to May 11, 2026 the Company has sold 936,609 shares of common stock pursuant to the 2025 ATM Agreement and March 2026 ATM Agreement for net proceeds of approximately \$3.26 million after deducting commissions of approximately \$50 thousand.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited interim condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as may be amended, supplemented, or superseded from time to time by other reports we file with the SEC. All amounts in this report are in U.S. dollars, unless otherwise noted.

Throughout this Quarterly Report on Form 10-Q, references to “we,” “our,” “us,” the “Company,” or “Canton Strategic Holdings,” refer to Canton Strategic Holdings, Inc., individually, or as the context requires, collectively with its subsidiary.

Overview

During the year ended December 31, 2025, we began a strategic shift in our business to prioritize digital asset treasury management and investment in the digital asset ecosystem, specifically the Canton Network. From 2022 through late 2025, we primarily operated as a biotechnology company developing therapeutic candidates in inflammatory and immunologic conditions. In November 2025, we undertook a strategic shift to prioritize a disciplined digital asset treasury strategy.

In connection with this shift, in November 2025 we completed a private placement offering, strengthening our liquidity and supporting our digital asset treasury strategy. Concurrently, we entered into an at-the-market equity program through a shelf registration statement. In January 2026, we completed a registered direct offering of common stock and pre-funded warrants, further strengthening our capital position.

Our digital asset treasury strategy is centered on acquiring, holding and deploying CC and supporting the Canton Network through validator operations, application support and ecosystem participation.

Our results of operations for the three months ended March 31, 2026 reflect our two reportable segments: legacy biotechnology operations, and our digital asset treasury strategy initiated in November 2025. See Note 9 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional segment financial performance information.

Components of Results of Operations

Revenue

We have not recognized revenue since inception or for the three months ended March 31, 2026 and 2025.

Research and Development Expenses

Research and development expenses include personnel costs associated with research and development activities, including third-party contractors to perform research, conduct clinical trials, and manufacture drug supplies and materials as well as stock-based compensation for our research and development personnel. Research and development expenses are charged to operations as incurred.

We accrue costs incurred by external service providers, including contract research organizations and clinical investigators, based on estimates of service performed and costs incurred. These estimates include the level of services performed by third parties, patient enrollment in clinical trials, administrative costs incurred by third parties, and other indicators of the services completed. Based on the timing of amounts invoiced by service providers, we may also record payments made to those providers as prepaid expenses that will be recognized as expense in future periods as the related services are rendered.

We cannot determine with certainty the duration and costs of future clinical trials of our product candidates or any other product candidates we may develop or if, when or to what extent we will generate revenue from the commercialization and sale of any of our product candidates for which we obtain marketing approval. We may never succeed in obtaining marketing approval for any of our product candidates. The duration, costs and timing of clinical trials and development of our current and future product candidates will depend on a variety of factors, including:

- the scope, rate of progress, expense and results of clinical trials of our current product candidates, as well as of any future clinical trials of our future product candidates and other research and development activities that we may conduct;
- uncertainties in clinical trial design and patient enrollment rates;
- the actual probability of success for our product candidates, including their safety and efficacy, early clinical data, competition, manufacturing capability and commercial viability;
- significant and changing government regulations and regulatory guidance; and
- the timing and receipt of any marketing approvals.

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

General and Administrative Expenses

General and administrative expenses consist primarily of compensation and consulting related expenses, including stock-based compensation for our general and administrative personnel. General and administrative expenses also include professional fees and other corporate expenses, including legal fees relating to corporate matters; professional fees for accounting, auditing, tax, and consulting services; insurance costs; travel expenses and other operating costs that are not specifically attributable to research activities. General and administrative expenses also include expenses related to our canton-centric digital asset treasury strategy.

We expect that our general and administrative expenses will increase in the future as we increase our personnel headcount to support our digital asset treasury strategy and continued research activities and development of our product candidates. We also incur expenses associated with being a public company, including expenses related to compliance with the rules and regulations of the SEC and Nasdaq, directors and officers insurance expenses, corporate governance expenses, investor relations activities and other administrative and professional services.

Interest Income

Interest income consists of interest income from funds held in our cash accounts.

Unrealized Loss from Digital Asset Holdings

The unrealized gain (loss) from digital assets holdings represents the change in fair value of our digital assets. We use a USD/CC reference price from a crypto market data provider for purposes of periodic fair value remeasurement.

Results of Operations

Comparison of the Three Months Ended March 31, 2026 and 2025

The following table sets forth key components of our results of operations for the three months ended March 31, 2026 and 2025.

	Three Months Ended March 31,		
	2026	2025	Change
Consolidated Statements of Operations Data:			
Operating expenses:			
Research and development	\$ 267,823	\$ 594,070	\$ (326,247)
General and administrative	36,600,488	1,952,599	34,647,889
Total operating expenses	36,868,311	2,546,669	34,321,642
Other income (expense):			
Interest expense	-	(8,471)	8,471
Interest income	318,178	13,436	304,742
Unrealized loss from digital assets holdings	(15,013,304)	-	(15,013,304)
Total other income (expense)	(14,695,126)	4,965	(14,700,091)
Total loss before income taxes	\$ (51,563,437)	\$ (2,541,704)	\$ (49,021,733)

Research and Development Expenses

Research and development expenses decreased by \$0.3 million, or 55%, to \$0.3 million for the three months ended March 31, 2026 from \$0.6 million for three months ended March 31, 2025. The decrease was driven by less research and development activity in our programs.

General and Administrative Expenses

General and administrative expenses increased by \$34.6 million, or 1174%, to \$36.6 million for the three months ended March 31, 2026 from \$2.0 million for the three months ended March 31, 2025. The digital asset treasury strategy drove the increased general and administrative expense. The change in general and administrative expenses was primarily due to increases of (i) \$32.1 million in stock based compensation (see Note 5 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q), (ii) \$0.8 million in compensation expenses including accrued bonuses, (iii) \$0.8 million in legal and other professional services (iv) \$0.2 million in insurance expenses.

Interest Expense

Interest expense decreased by \$8,471, or 100%, to \$0 for the three months ended March 31, 2025 from \$8,471 for the three months ended March 31, 2025. The interest expense incurred in 2025 was primarily related to a director and officer insurance premium financing liability as well as a note payable. We have paid such obligations in full as of December 31, 2025 and did not incur any interest expense for the three months ended March 31, 2026.

Interest Income

Interest income increased by approximately \$0.3 million, or 2268%, to \$0.3 million for the three months ended March 31, 2026 from \$0.01 million for the three months ended March 31, 2025. The increase in interest income was due to the increase in investible cash and equivalents.

Unrealized Loss from Digital Assets Holdings

We recorded an unrealized loss from digital assets holdings of \$15.0 million for the three months ended March 31, 2026. We did not have any loss (or gain) from digital asset holdings for the three months ended March 31, 2025. We did not own digital assets prior to the Cryptocurrency Offering in November 2025. The current period unrealized loss is a result of the reference price of CC as of March 31, 2026 being less than the weighted average cost of our CC holdings. See Note 3 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information about our digital assets holdings

Liquidity and Capital Resources

On November 3, 2025, we raised net proceeds of over \$537 million through a private placement offering, and on January 21, 2026 we raised approximately \$53 million in a registered direct offering and have raised approximately \$35 million year to date pursuant to the 2025 ATM Agreement and March 2026 ATM Agreement. We believe we have sufficient liquidity to fund anticipated cash requirements for operations and working capital purposes through at least March 2027.

Cash Flow Activities for the Three Months Ended March 31, 2026 and 2025

The following table sets forth a summary of our cash flows for the periods presented.

	Three Months Ended March 31,	
	2026	2025
Net cash used in operating activities	\$ (7,635,188)	\$ (2,689,001)
Net cash used in investing activities	(54,822,298)	-
Net cash provided by financing activities	86,956,878	205,568
Net increase (decrease) in cash	\$ 24,499,392	\$ (2,483,433)

Cash Flows from Operating Activities

Cash used in operating activities for the three months ended March 31, 2026 was \$7.6 million which consisted of net loss of \$47.3 million, adjusted for non-cash stock-based compensation of approximately \$32.3 million, unrealized loss from digital asset holdings of approximately \$15.0 million, a decrease of \$4.2 million for deferred tax benefit, and a net decrease in operating assets and liabilities of approximately \$3.3 million.

Cash used in operating activities for the three months ended March 31, 2025 was \$2.7 million which consisted of net loss of \$2.5 million, and a net decrease in operating assets and liabilities of approximately \$0.4 million partially offset by non-cash stock-based compensation of approximately \$0.2 million.

Cash Flows from Investing Activities

Cash used in investing activities for the three months ended March 31, 2026 was \$54.8 million, representing the purchase of digital assets. There were no cash flows from investing activities during the three months ended March 31, 2025.

Cash Flows from Financing Activities

Cash provided by financing activities for the three months ended March 31, 2026 was \$87.0 million. The net increase in financing activities was due to proceeds from the January 2026 Offering of \$54.9 million, proceeds from the 2025 ATM Agreement and March 2026 ATM Agreement offerings of \$35.5 million, proceeds from the exercise of warrants of less than \$0.1 million. These increases were offset by payments of issuance costs of \$3.6 million.

Cash provided by financing activities for the three months ended March 31, 2025 was \$0.2 million. The net increase in financing activities was due to proceeds from the insurance premium financing liability of \$0.3 offset by payments of the insurance premium financing liability of \$0.1 million and repayments of the note payable of less than \$0.1 million.

Critical Accounting Policies and Use of Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes, and management must select an amount that falls within that range of reasonable estimates. We consider the following areas to be our critical accounting estimate: fair value of digital assets, research and development expense recognition, stock-based compensation, allowances of deferred tax assets, and cash flow assumptions regarding going concern considerations. Although management believes the estimates that have been used are reasonable, actual results could vary from the estimates that were used.

Critical Accounting Policies

Digital Assets

We account for digital assets, which are comprised of CC, as indefinite-lived intangible assets in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350-60, *Intangibles—Goodwill and Other-Crypto Assets*. Our digital assets are initially recorded at cost. Subsequently, they are measured at fair value with the gain or loss associated with remeasurement of the digital assets recognized in net income (loss) during each reporting period. Upon disposal of a digital asset (e.g., by sale, exchange or transfer), we derecognize the asset and recognize a realized gain or loss in net income, calculated as the difference between the sale proceeds and the asset’s carrying amount.

The fair value of the digital assets is determined based on the quoted price in its principal market at the time of measurement. We determine its principal market as the market that it has access to and has the greatest volume and level or orderly transactions in accordance with FASB ASC 820, *Fair Value Measurement*. We track the cost of its digital assets using the first-in-first-out (FIFO) method.

Research and development

Research and development costs are expensed as incurred. Research and development expenses include personnel costs associated with research and development activities, including third-party contractors to perform research, conduct clinical trials and manufacture drug supplies and materials. We accrue for costs incurred by external service providers, including contract research organizations and clinical investigators, based on our estimates of service performed and costs incurred. These estimates include the level of services performed by third parties, patient enrollment in clinical trials, administrative costs incurred by third parties, and other indicators of the services completed.

Stock-based compensation

Stock-based compensation represents the cost related to stock-based awards granted to our employees, directors, consultants, and affiliates. We measure stock-based compensation costs at the grant date, based on the estimated fair value of the award and recognize the cost over the requisite service period.

We recognize compensation costs resulting from the issuance of stock-based awards to employees, non-employees and directors as an expense in the consolidated statements of operations over the requisite service period based on a measurement of fair value for each stock-based award. The fair value of each option grant to employees, non-employees and directors is estimated as of the date of grant using the Black-Scholes option-pricing model, net of actual forfeitures. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards, which is generally the vesting period.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. Prior to January 12, 2022, we were a private company and our common stock has only been publicly traded since that date. As a result, we lack company-specific historical and implied volatility information. Therefore, we have estimated our expected stock price volatility based on the historical volatility of a publicly traded set of peer companies. The expected term of stock options granted was between five and seven years. The risk-free interest rate was determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award.

Recently Issued and Adopted Accounting Standards

See Note 2 to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act (the “JOBS Act”) was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have chosen to take advantage of the extended transition periods available to emerging growth companies under the JOBS Act for complying with new or revised accounting standards until those standards would otherwise apply to private companies provided under the JOBS Act. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

Subject to certain conditions set forth in the JOBS Act, as an “emerging growth company,” we intend to rely on certain of these exemptions, including, without limitation, (i) providing an auditor’s attestation report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended, and (ii) complying with the requirement adopted by the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor’s report on financial statements. We will remain an “emerging growth company” until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.235 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of our IPO; (iii) the date on which we have issued more than \$1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer evaluated the effectiveness of our “disclosure controls and procedures” as of March 31, 2026, the end of the period covered by this Quarterly Report on Form 10-Q. The term “disclosure controls and procedures” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is accumulated and communicated to a company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of March 31, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

Except as set forth above, there were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedure, management recognizes that any controls and procedures, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedure relative to their costs.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS.

Risk factors that affect our business and financial results are discussed in Part I, Item 1A “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on March 31, 2026 (“Annual Report”). There have been no material changes in our risk factors from those previously disclosed in our Annual Report. You should carefully consider the risks described in our Annual Report which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION.

During the fiscal quarter ended March 31, 2026, none of the Company’s directors or executive officer adopted or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

ITEM 6. EXHIBITS.

Exhibit No.	Description
3.1	<u>Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 18, 2026)</u>
4.1	<u>Form of Pre-Funded Warrant (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on January 22, 2026)</u>
10.1	<u>Underwriting Agreement, dated January 20, 2026, by and among Tharimmune, Inc. and Clear Street LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on January 22, 2026)</u>
10.2+	<u>Employment Agreement with Angela Dominy Radkowski, dated February 5, 2026 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 6, 2026)</u>
10.3	<u>Amended and Restated Sales Agreement, dated as of March 3, 2026, among the Company and Clear Street LLC and Virtu Americas LLC, as Sales Agents (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on March 3, 2026)</u>
10.4+	<u>Second Amendment to Amended And Restated 2023 Omnibus Equity Incentive Plan (Incorporated by reference to Appendix A to the Company's definitive proxy statement on Schedule 14A for the Company's 2026 Special Meeting of stockholders filed with the SEC on January 16, 2026)</u>
10.5+	<u>First Amendment to Tharimmune, Inc. Amended and Restated 2023 Omnibus Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to Form 8-K filed with the SEC on October 9, 2025)</u>
31.1*	<u>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</u>
31.2*	<u>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</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 is formatted in Inline XBRL included in the Exhibit 101 Inline XBRL Document Set

* Filed herewith.

** Furnished herewith.

+ Indicates a management contract or any compensatory plan, contract or arrangement.

SIGNATURES

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

CANTON STRATEGIC HOLDINGS, INC.

Date: May 13, 2026

By: /s/ Mark Wendland

Mark Wendland
Chief Executive Officer
(Principal Executive Officer)

Date: May 13, 2026

By: /s/ Jacob Asbury

Jacob Asbury
Chief Financial Officer
(Principal Financial and Accounting Officer)

**Certification of Chief Executive Officer of Canton Strategic Holdings, Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mark Wendland, certify that:

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

Date: May 13, 2026

/s/ Mark Wendland
Mark Wendland
Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer of Canton Strategic Holdings, Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jacob Asbury, certify that:

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

Date: May 13, 2026

/s/ Jacob Asbury

Jacob Asbury
Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Mark Wendland, Chief Executive Officer of Canton Strategic Holdings, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2026

/s/ Mark Wendland

Mark Wendland
Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Jacob Asbury, Chief Financial Officer of Canton Strategic Holdings, Inc. (the “Company”), hereby certifies that based on the undersigned’s knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2026 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2026

/s/ Jacob Asbury

Jacob Asbury

Chief Financial Officer

(Principal Financial and Accounting Officer)
