

**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

Or

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

For the transition period from _____ to _____

AixCrypto Holdings, Inc.
(Exact Name of Small Business Issuer as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-37428
(Commission
File Number)

26-3474527
(I.R.S. Employer
Identification No.)

1990 E. Grand Ave., El Segundo, CA 90245
(Address of principal executive offices) (Zip Code)

(760) 452-8111
(Registrant's telephone number, including area code)

5857 Owens Avenue, Suite 300, Carlsbad, California 92008
(Former name or former address, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$.001 per share	AIXC	The Nasdaq Capital Market of 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of May 11, 2026, there were 20,234,993 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

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ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AIXCRYPTO HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	(Unaudited) March 31, 2026	December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,201,121	\$ 19,332,707
Digital Assets	6,197,267	10,250,497
Prepaid investments – related party	10,000,000	-
Prepaid expenses and other current assets	701,368	1,028,506
Short-term notes receivable, net of allowance for credit losses of \$4.7 million at March 31, 2026 and \$4.6 million at December 31, 2025	385,428	343,060
Total current assets	<u>23,485,184</u>	<u>30,954,770</u>
Non-current assets		
Intangible assets	406,149	314,727
Other assets - related party	10,349	10,349
Total non-current assets	<u>416,498</u>	<u>325,076</u>
Total Assets	\$ <u>23,901,682</u>	\$ <u>31,279,846</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,476,668	\$ 1,259,944
Related Party Payable	447,958	1,648,945
Accrued expenses and other current liabilities	33,245	136,234
Warrant liabilities	72,218	141,878
Convertible debt	—	142,236
Total current liabilities	<u>2,030,089</u>	<u>3,329,237</u>
Commitments and Contingencies (Note 12)		
Stockholders' Equity		
Preferred stock Series A-2, \$0.001 par value; 7,000 shares authorized; 601 shares issued and outstanding as of March 31, 2026 and December 31, 2025	659,040	659,040
Preferred stock Series B, \$0.001 par value; 500,000 shares authorized; 6,085 and 39,943 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	4,750,538	31,183,357
Common stock, \$0.001 par value; 225,000,000 shares authorized; 20,234,993 and 5,160,383 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	84,813	69,738
Additional paid-in capital	162,483,668	136,065,924
Accumulated deficit	(146,106,466)	(140,027,450)
Total Stockholders' Equity	<u>21,871,593</u>	<u>27,950,609</u>
Total Liabilities & Stockholders' Equity	\$ <u>23,901,682</u>	\$ <u>31,279,846</u>

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

AIXCRPYTO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2026	2025
EXPENSES		
General and administrative	\$ 3,547,853	\$ 2,494,532
Sales and Marketing	638,222	—
Research and development	5,072	33,167
Credit loss expense - short-term note receivable	142,574	197,000
Total expenses	4,333,721	2,724,699
LOSS FROM OPERATIONS	(4,333,721)	(2,724,699)
OTHER EXPENSE (INCOME), NET		
Gain on change in fair value of warrant liabilities	(69,660)	(39,224)
Gain on change in fair value of convertible debt	(10,236)	—
Impairment of intangible assets	182,619	—
Interest expense	—	73,615
Interest income	(303,010)	(112,953)
Net loss on digital assets	1,945,582	—
Total other expense (income), net	1,745,295	(78,562)
LOSS BEFORE PROVISION FOR INCOME TAXES	(6,079,016)	(2,646,137)
PROVISION FOR INCOME TAXES	—	35
NET LOSS	(6,079,016)	(2,646,172)
Total net loss per common share, basic and diluted	\$ (0.79)	\$ (1.82)
Weighted-average number of shares outstanding, basic and diluted	7,704,597	1,456,714

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

AIXCRYPTO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Series A-2 Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2025	601	\$ 659,040	\$ 39,943	\$ 31,183,357	5,160,383	\$ 69,738	\$ 136,065,924	\$ (140,027,450)	\$ 27,950,609
Issuance of common stock for the conversion of Series B preferred shares	-	-	(33,858)	(26,432,819)	15,074,610	15,075	26,417,744	—	—
Net Loss	-	-	—	—	-	-	-	(6,079,016)	(6,079,016)
Balance at March 31, 2026	<u>601</u>	<u>\$ 659,040</u>	<u>\$ 6,085</u>	<u>\$ 4,750,538</u>	<u>20,234,993</u>	<u>\$ 84,813</u>	<u>\$ 162,483,668</u>	<u>\$ (146,106,466)</u>	<u>\$ 21,871,593</u>

	Series A-2 Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2024	6,256	\$ 5,716,400	736,431	\$ 65,314	\$ 119,958,897	\$ (123,061,575)	\$ 2,679,036
Issuance of common stock for the conversion of Series A-2 preferred shares	(3,236)	(2,893,306)	888,879	889	2,892,417	—	—
Stock-based compensation	—	—	—	—	269	—	269
Net loss	—	—	—	—	—	(2,646,172)	\$ (2,646,172)
Balance at March 31, 2025	<u>3,020</u>	<u>2,823,094</u>	<u>1,625,310</u>	<u>66,203</u>	<u>122,851,583</u>	<u>(125,707,745)</u>	<u>33,134</u>

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

AIXCRPYTO 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	\$ (6,079,016)	\$ (2,646,172)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Stock-based compensation	—	269
Change in fair value of warrant liabilities	(69,660)	(39,225)
Gain on change in fair value of convertible debt	(10,236)	—
Provision for credit losses of short-term note receivable	142,574	197,000
Impairment of intangible assets	182,619	—
Accrued interest on short-term note receivable	(184,942)	(110,871)
Interest expense	—	73,615
Net loss on digital assets	1,945,582	—
Payments made with digital assets	337,839	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	327,138	913,454
Accounts payable	216,724	(37,330)
Accrued expenses and other current liabilities	(102,989)	59,861
Related party payables	(1,200,987)	—
Net cash used in operating activities	(4,495,354)	(1,589,396)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of short-term note receivable	—	(305,000)
Prepayment of investments to related party	(10,000,000)	—
Purchase of digital assets	(338,102)	—
Sales of digital assets	2,107,911	—
Purchase of intangible assets	(274,041)	—
Net cash provided by (used in) investing activities	(8,504,232)	(305,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of convertible debt	(132,000)	—
Proceeds from issuance of promissory notes	—	750,000
Net cash provided by (used in) financing activities	(132,000)	750,000
Net change in cash and cash equivalents	(13,131,586)	(1,144,396)
Cash and cash equivalents - beginning of period	19,332,707	1,174,608
Cash and cash equivalents- end of period	\$ 6,201,121	\$ 30,210
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ —	\$ —
Taxes	\$ —	\$ —
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Issuance of common stock for the conversion of Series B preferred shares	\$ 26,432,819	\$ —
Issuance of common stock for the conversion of Series A-2 preferred shares	\$ —	\$ 2,893,306

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

AIXCRYPTO HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 — BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Corporate History

Ritter Pharmaceuticals, Inc. (the Company's predecessor) was formed as a Nevada limited liability company on March 29, 2004 under the name Ritter Natural Sciences, LLC. In September 2008, this company converted into a Delaware corporation under the name Ritter Pharmaceuticals, Inc. On May 22, 2020, upon completing a "reverse recapitalization" transaction with Qualigen, Inc., Ritter Pharmaceuticals, Inc. was renamed Qualigen Therapeutics, Inc. (the "Company"). Qualisys Diagnostics, Inc. was formed as a Minnesota corporation in 1996, reincorporated to become a Delaware corporation in 1999, and then changed its name to Qualigen, Inc. in 2000. Qualigen, Inc. was a wholly-owned subsidiary of the Company. On July 20, 2023, the Company sold all of the issued and outstanding shares of common stock of Qualigen, Inc. to Chembio Diagnostics, Inc. ("Chembio"), a wholly-owned subsidiary of Biosynex, S.A. ("Biosynex"). Following the consummation of this transaction, Qualigen, Inc. became a wholly-owned subsidiary of Chembio.

In 2022, the Company acquired a 52.8% interest in NanoSynex, Ltd. ("NanoSynex"). In 2023, the Company entered into an Amendment and Settlement Agreement with NanoSynex (the "NanoSynex Amendment"), which resulted in the Company losing its controlling interest in NanoSynex.

In September 2025 the Company consummated a Subscription Agreement (the "Subscription Agreement") with certain investors including Faraday Future Intelligent Electric Inc. (NASDAQ: FFAI) (the "Lead Investor" or "Faraday") pursuant to which the investors purchased \$40.7 million (the "Offering") of the Company's common stock and shares of a newly created Series B Convertible Preferred Stock, par value \$0.001 per share (the "Series B Preferred Stock") (see Note 14 - Stockholders' Equity). This offering resulted in \$37.7 million in net proceeds after \$3.0 million in issuance costs were deducted. Up to \$6.8 million of the net proceeds from the Offering were used to pay existing debt and fund the Company's existing business operations, and the balance of the cash proceeds and contributed currency will be used for the execution of the Company's cryptocurrency treasury strategy.

In January 2026, the Company formed three new wholly owned Delaware subsidiaries: AIxCrypto Token Labs US, Inc., AIxCrypto EAI, Inc., and AIxCrypto C10 ETF, Inc. These entities were formed to provide potential future organizational flexibility. As of March 31, 2026, these subsidiaries have not commenced operations, hold no material assets, and have not been capitalized.

Basis of Presentation

The accompanying condensed consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results, and cash flows for the periods presented. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which contains the audited financial statements and notes thereto. The financial information as of December 31, 2025 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The interim results for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for any future periods.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In general, the functional currency of the Company is the U.S. dollar. There were no foreign currency transactions in the three months ending March 31, 2026 and 2025.

Accounting Estimates

Management uses estimates and assumptions in preparing its consolidated financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Company's estimates relate to the estimated fair value of convertible debt, warrant liabilities, and determination of the allowance for credit losses. Actual results could vary from the estimates that were used.

Related Parties and Related Party Transactions

A related party is a person who has the ability to exert significant influence over the Company and may include executive officers and directors, including members of their immediate families, shareholders owning more than 10% of the Company's voting securities, or other entities deemed to be affiliates, as defined in ASC 850, Related Party Disclosures. The Company assesses its related parties and applicable disclosures on a quarterly basis, considering all relevant facts and circumstances.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity of 90 days or less and money market funds to be cash equivalents.

The Company maintains the majority of its cash in accounts at banking institutions in the U.S. that are of high quality. Cash held in these accounts often exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. If such banking institutions were to fail, the Company could lose all or a portion of amounts held in excess of such insurance limitations. As of December 31, 2025, the Company had not experienced losses on these accounts, and management believes the Company is not exposed to significant risk on such accounts.

Digital Assets

The Company accounts for its digital assets in accordance with ASC 350, Intangibles—Goodwill and Other, as amended by ASU 2023-08, Accounting for and Disclosure of Crypto Assets. The Company adopted ASU 2023-08 effective January 1, 2025. Digital assets held by the Company, including Bitcoin, Cardano, Chainlink, Ethereum, Native BNB, Ripple, Solana, Tether ("USDT"), and Tron, meet the scope criteria of ASU 2023-08 and are recognized as indefinite-lived intangible assets. These assets are initially recorded at cost, including transaction fees, upon obtaining control of the asset, and are measured subsequently at fair value with changes in value recognized in net income or loss. The Company uses a FIFO methodology to assign costs to digital assets for purposes of the digital assets held and realized gains and losses disclosures. Purchases and sales of digital assets that are not revenue arrangements are classified on the statement of cash flows as investing activities. Net loss on digital assets are adjusted in operating activities in the statement of cash flows.

Prepaid Investments

The Company records cash advances made in connection with contractually committed equity investments for which the underlying securities have not yet been issued or settled as prepaid investments. Prepaid investments are initially recognized at cost and classified as current or noncurrent assets based on the expected timing of settlement. Upon issuance and receipt of the underlying equity securities, the prepaid investment is derecognized and reclassified to the appropriate account in accordance with applicable U.S. GAAP. Management monitors the status of the underlying transaction and evaluates the prepaid investment for recoverability.

Software Capitalization

The Company accounts for the costs incurred in developing its product offerings under ASC 350-40, *Internal-Use Software*.

In accordance with the guidance in ASC 350-40, the Company will capitalize costs incurred in connection with the development of the Company's product offerings during the application development stage. Costs incurred during the preliminary project and post-implementation stages are expensed as incurred. Costs incurred in connection with maintenance activities, including training or bug fixes are also expensed as incurred. The Company stops capitalizing qualifying costs once development activities are completed and the project is ready for its intended use.

Capitalized software costs will be amortized on a straight-line basis over a 36-month useful life beginning on the date when the product is ready for its intended use. Management will subsequently test the capitalized software costs for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with ASC 360.

Derivative Financial Instruments and Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the unaudited condensed consolidated statements of operations and comprehensive loss. Depending on the features of the derivative financial instrument, the Company uses either the Black-Scholes option-pricing model or a Monte-Carlo simulation to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period (See Note 8 – Warrant Liabilities).

Fair Value Measurements

The Company determines the fair value measurements of applicable assets and liabilities based on a three-tier fair value hierarchy established by accounting guidance and prioritizes the inputs used in measuring fair value. The Company discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 - Inputs that are unobservable.

Fair Value of Financial Instruments

Cash, prepaid expenses, and accrued liabilities are carried at cost, which management believes approximates fair value due to the short-term nature of these instruments. Short-term notes receivable are valued subject to a current expected credit loss (“CECL”) model (see Note 6 - Short-Term Notes Receivable).

The value of the Company’s warrant liabilities as of March 31, 2026 and December 31, 2025 was determined using the Black-Scholes Model. Significant assumptions used in the valuation include the expected volatility of the Company’s common stock, the contractual term of the warrants, the risk-free interest rate, and an expected dividend yield of zero. Expected volatility is based on a blend of comparable public company data and, as available, the Company’s own historical volatility. The risk-free rate is derived from U.S. Treasury yields with maturities commensurate with the remaining contractual term of the warrants. Fair value measurements associated with the liability-classified warrants represent Level 3 valuations under the fair value hierarchy.

The Company from time to time elects the fair value option to account for certain debt liabilities. Electing the fair value option allows the Company to initially and subsequently measure such liabilities at fair value rather than amortized cost and may be applied to debt liabilities that contain conversion or other features that would otherwise require bifurcation and mark to market accounting. Such debt liabilities will initially be measured using valuation techniques appropriate to the terms and expected life of the note. The Company expects to use level 3 input to measure the fair value in subsequent periods.

Sales and Marketing

Sales and marketing expenses are expensed as incurred and primarily consist of direct costs associated with branding, promotional, co-creation, and publicity activities. The Company’s marketing initiatives focus on increasing brand awareness for its real-world asset tokenization and embodied AI Infrastructure activities. For the three months ending March 31, 2026 and 2025, the Company’s sales and marketing expenses were \$638,222 and \$0, respectively, none of which was advertising related.

Stock-Based Compensation

Stock-based compensation cost for equity awards granted to employees and non-employees is measured at the grant date based on the calculated fair value of the award using the Black-Scholes option-pricing model, and is recognized as an expense, under the straight-line method, over the requisite service period (generally the vesting period of the equity grant). If the Company determines that other methods are more reasonable, or other methods for calculating these assumptions are prescribed by regulators, the fair value calculated for the Company’s stock options could change significantly. Higher volatility, lower risk-free interest rates, and longer expected lives would result in an increase to stock-based compensation expense to employees and non-employees determined at the date of grant.

Income Taxes

Deferred income taxes are recognized for temporary differences in the basis of assets and liabilities for financial statement and income tax reporting that arise due to net operating loss carry forwards, research and development credit carry forwards and from using different methods and periods to calculate depreciation and amortization, allowance for doubtful accounts, accrued vacation, research and development expenses, and state taxes. A provision has been made for income taxes due on taxable income and for the deferred taxes on the temporary differences. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Realization of the deferred income tax asset is dependent on generating sufficient taxable income in future years.

Recently Adopted Accounting Standards

There have been no recently adopted accounting pronouncements by the Company.

Recently Issued Accounting Standards Not Yet Adopted

In December 2025, the FASB issued *ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies interim disclosure requirements resulting in a comprehensive list of interim disclosures that are required by GAAP, and includes a disclosure principle that requires the disclosure of events since the end of the last annual reporting period that have a material impact on the Company. ASU 2025-11 is effective for the Company’s interim financial statements beginning with the first fiscal quarter of the year ended December 31, 2028, with early adoption permitted. ASU 2025-11 may be applied either prospectively or retrospectively. The Company is evaluating the disclosure requirements related to the new standard.

The Company does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material impact on our unaudited condensed consolidated financial statements or disclosures.

NOTE 2 — LIQUIDITY AND GOING CONCERN

As of March 31, 2026, the Company had approximately \$6.2 million in cash and cash equivalents and an accumulated deficit of approximately \$146.1 million. For the three months ended March 31, 2026, the Company used approximately \$4.5 million of cash in operating activities, and for the year ended December 31, 2025, approximately \$7.0 million. The Company generated no revenue during either period and has incurred recurring net losses.

While the Company raised significant capital during the year ended December 31, 2025, including net proceeds of \$37.7 million from the Subscription Agreement in September 2025, a portion of those proceeds was used to repay existing debt and fund the company's existing research and development operations, and the remaining balance was largely deployed to support the Company's cryptocurrency treasury initiatives. Further, the Company has not raised capital during the three months ended March 31, 2026, and has no committed sources of additional financing as of the date of issuance of these financial statements.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to liquidate its assets and discharge its liabilities in other than the normal course of business and at amounts that may differ from those reflected in the accompanying financial statements.

NOTE 3 — DIGITAL ASSETS

As part of its strategic realignment completed in the fourth quarter of 2025, the Company began acquiring digital assets for investment purposes and for use within its programmable technology infrastructure platform.

The Company holds digital assets consisting of cryptocurrencies, stablecoins, and other blockchain-based tokens, as detailed below.

Significant Holdings

As of March 31, 2026, the Company's significant digital asset holdings consisted of the following:

	Units Held	Cost Basis	Fair Value
Cardano ADA (ADA)	214,323	\$ 134,404	\$ 51,866
Native BNB (BSC)	1,308	1,356,162	806,949
Bitcoin (BTC)	46	4,943,027	3,150,211
Ethereum (ETH)	616	2,307,312	1,296,074
ChainLink (LINK)	19,404	338,489	170,251
Solana (SOL)	6,659	1,188,004	553,152
Tron (TRX)	531,334	163,542	166,414
USD Tether (USDT)	2,087	2,085	2,349
Ripple (XRP)	1	3	1
Total		\$ 10,433,028	\$ 6,197,267

Digital Asset Activity

The following table summarizes digital asset activity for the period indicated, including cost basis, fair value at the time of sale, realized and unrealized losses, and the fair value of outstanding digital assets as of March 31, 2026:

Balance at December 31, 2025	\$ 10,250,497
Additions ⁽¹⁾	338,102
Dispositions ⁽¹⁾	(2,107,911)
Gains ⁽²⁾	364,027
Losses ⁽²⁾	(2,309,609)
Payments made	(337,839)
Balance at March 31, 2026	\$ 6,197,267

(1) Additions represent purchases of crypto assets held for investment, dispositions represent liquidation of crypto assets held for investment

(2) The Company measures gains and losses by each asset held. These amounts include cumulative unrealized gains of \$364,027, realized losses of \$398,720, and unrealized losses of \$1,910,889 during the three months ended March 31, 2026

There were no digital assets held during the three months ended March 31, 2025.

The Company measures digital assets at fair value in accordance with **ASC 820, Fair Value Measurement**.

Fair value is determined using quoted prices in active markets for identical assets (Level 1 inputs). The Company utilizes pricing information provided by the principal market, which is based on observable market prices from active trading exchanges.

NOTE 4 — FAIR VALUE MEASUREMENTS

Below is the summary of our assets and liabilities measured at fair value on a recurring basis and categorized using the fair value hierarchy as of March 31, 2026:

	(Level 1)	(Level 2)	(Level 3)	Total
Assets				
Money Market funds	\$ 5,932,305	\$ -	\$ -	\$ 5,932,305
Digital Assets	6,197,267	-	-	6,197,267
Total Assets	\$ 12,129,572	\$ -	\$ -	\$ 12,129,572
Liabilities				
Warrant Liabilities	—	—	72,218	72,218
Total Liabilities	\$ —	\$ —	\$ 72,218	\$ 72,218

Below is the summary of our assets and liabilities measured at fair value on a recurring basis and categorized using the fair value hierarchy as of December 31, 2025:

	(Level 1)	(Level 2)	(Level 3)	Total
Assets				
Money Market funds	\$ 15,957,179	\$ -	\$ -	\$ 15,957,179
Digital Assets	10,250,497	-	-	10,250,497
Total Assets	\$ 26,207,676	\$ -	\$ -	\$ 26,207,676
Liabilities				
Convertible Debt	\$ -	\$ -	\$ 142,236	\$ 142,236
Warrant Liabilities	-	-	141,878	141,878
Total Liabilities	\$ —	\$ —	\$ 284,114	\$ 284,114

NOTE 5 — PREPAID INVESTMENT, PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Investment – related party

As of March 31, 2026, the Company recorded a prepaid investment of \$10.0 million, representing cash advanced in connection with a contractually committed equity investment for which the underlying securities have not yet been issued or settled. On January 30, 2026, the Company entered into an entrusted investment arrangement with Gold King Arthur Holding Limited (“GKA”), pursuant to which the Company engaged GKA to act as fiduciary to acquire, hold, manage, tokenize, monetize and dispose of securities of the Faraday for the benefit of the Company. In connection with the arrangement, GKA entered into a Securities Purchase Agreement (the “SPA”) with the Faraday to purchase \$10.0 million of the Faraday’s Class A common stock. The arrangement provided that the Company would fund the investment principal and GKA would manage the investment and related activities. In February 2026, on behalf of GKA, the Company paid \$10.0 million to Faraday, which is a related party, in connection with an investment arrangement pursuant to which GKA is designated to acquire shares of Faraday on behalf of the Company. As of March 31, 2026, the Faraday shares have not yet been issued to or received by GKA, and therefore the Company has not obtained ownership rights to the underlying equity securities. The prepaid investment is classified within current assets based on management’s expectation that the investment will be completed within one year. Additionally, the underlying equity to be purchased is not subject to contractual lock-ups or other restrictions that would necessitate non-current classification.

Because the underlying equity securities have not been issued as of the reporting date, the prepaid investment does not represent an equity interest, investment security, or financial instrument. Accordingly, the prepaid investment is not subject to fair value measurement and is carried at cost. Upon issuance and receipt of the underlying equity securities, the prepaid investment will be derecognized and reclassified to the appropriate account and accounted for in accordance with applicable U.S. GAAP based on the nature of the Company’s interest. The underlying equity securities were issued in April 2026, which is further discussed in Note 17 – Subsequent Events.

Prepaid expenses and other current assets consisted of the following at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Prepaid consulting	\$ 206,994	\$ 461,337
Prepaid insurance	412,127	481,338
Prepaid legal	31,775	84,193
Other current assets	50,472	1,638
	\$ 701,368	\$ 1,028,506

NOTE 6 — SHORT-TERM NOTES RECEIVABLE

Short term notes receivable - consisted of the following at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Short-term note receivable - Marizyme	\$ 5,083,002	\$ 4,898,060
Less allowance for credit losses	(4,697,574)	(4,555,000)
	\$ 385,428	\$ 343,060

During the year ended December 31, 2025, the Company advanced to Marizyme, Inc. \$1,909,500, against which Marizyme delivered demand promissory notes to the Company of like principal amounts (the “Marizyme Notes”). As of March 31, 2026 and December 31, 2025 accrued interest related to the

Marizyme Notes was \$916,102 and \$731,160, respectively and for the three months ended March 31, 2026 and 2025 interest income of \$184,942 and \$110,871, respectively, was recognized in other income in the unaudited condensed consolidated statement of operations.

The Marizyme Notes bear at interest the rate of eighteen percent (18%) per annum. Marizyme may pre-pay all or any part of the outstanding principal or interest at any time and from time to time, in whole or in part, without premium or penalty.

Under ASC 326-20, known as the current expected credit loss (“CECL”) model, the Company was required to estimate credit losses expected over the life of an exposure (or pool of exposures) based on historical information, current information, and reasonable and supportable forecasts. The Company is unable to use its historical data to estimate losses as it has no relevant loss history to date. To determine the estimate of expected credit losses, the Company used a probability-weighted approach that incorporates multiple settlement scenarios, including recovery of amounts due upon an acquisition of the debtor, and recovery in different liquidation scenarios, and determines the expected recoverable amount of the loan in each scenario. This model requires management to make certain assumptions including the likelihood of each outcome, the estimated value of the debtor’s assets, and the Company’s expected claim and recovery rate on the debtor’s assets in the event of an insolvency or a liquidation proceeding. As of March 31, 2026, the estimate for expected credit losses on the Marizyme Notes is \$4,697,574. Given the inherently uncertain nature of the debtor’s financial condition and future outcomes, actual credit losses may differ materially from this estimate. The Company will continue to monitor relevant events and conditions and update its assumptions and allowance as necessary.

The Company is also party to a Co-Development Agreement with Marizyme (see Note 13 - Research and License Agreements).

NOTE 7 — ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
License fees	\$ -	\$ 20,000
Credit card	-	800
Professional fees	31,780	115,434
Employee benefits	1,465	-
	<u>\$ 33,245</u>	<u>\$ 136,234</u>

NOTE 8 – WARRANT LIABILITIES

On November 20, 2024, the Company closed its private placement transaction resulting in the issuance of newly designated Series A-2 Preferred Stock (see Note 14 – Stockholders Equity). As a result of the issuance of a new class of voting securities, the Company evaluated its equity classified warrants’ respective terms, and concluded that warrants for 68,712 common shares with a weighted average exercise price of \$2.00 were required to be reclassified to liabilities, including pre-funded warrants with an exercise price of \$0.05 per share. The pre-funded warrants are exercisable upon issuance and will remain exercisable until all the pre-funded warrants are exercised in full. At March 31, 2026, pre-funded warrants for 51,199 common shares remained outstanding. During the three months ended March 31, 2026 and 2025 the Company recorded a gain on change in fair value of warrant liabilities of \$69,660 and \$39,224, respectively for these warrants. At March 31, 2026 and December 31, 2025, the fair value of these warrants was \$72,218 and \$141,878, respectively.

The following table summarizes the activity in liability classified warrants for the three months ended March 31, 2026:

	Common Stock Warrants			
	Shares	Weighted– Average Exercise Price	Range of Exercise Price	Weighted– Average Remaining Life (Years)
Total outstanding –December 31, 2025	67,218	\$ 1.90	\$0.05 - \$7.80	3.68*
Granted	—	—	—	—
Exercised	—	—	—	—
Reclassified from equity	—	—	—	—
Reclassified to equity	—	—	—	—
Expired	—	—	—	—
Total outstanding –March 31, 2026	<u>67,218</u>	<u>\$ 1.90</u>	<u>\$0.05 - \$7.80</u>	<u>3.44*</u>
	<u>67,218</u>	<u>\$ 1.90</u>	<u>\$0.05 - \$7.80</u>	<u>3.44*</u>

* excludes 51,199 pre-funded warrants which have no expiration date.

The following table summarizes the activity in liability classified warrants for the three months ended March 31, 2025:

	Common Stock Warrants			
	Shares	Weighted– Average Exercise Price	Range of Exercise Price	Weighted– Average Remaining Life (Years)
Total outstanding –December 31, 2024	68,712	\$ 2.00	\$0.05 - \$7.80	4.32*
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Total outstanding –March 31, 2025	<u>68,712</u>	<u>\$ 2.00</u>	<u>\$0.05 - \$7.80</u>	<u>4.07*</u>
Exercisable	<u>68,712</u>	<u>\$ 2.00</u>	<u>\$0.05 - \$7.80</u>	<u>4.07*</u>

* excludes 51,199 pre-funded warrants which have no expiration date.

The following table presents the Company's fair value hierarchy for its warrant liabilities measured at fair value on a recurring basis as of March 31, 2026:

Common Stock Warrant Liabilities	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance as of December 31, 2025	\$ —	\$ —	\$ 141,878	\$ 141,878
Granted	—	—	—	—
Exercised	—	—	—	—
Loss on change in fair value of warrant liabilities	—	—	(69,660)	(69,660)
Balance as of March 31, 2026	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 72,218</u>	<u>\$ 72,218</u>

The following table presents the Company's fair value hierarchy for its warrant liabilities measured at fair value on a recurring basis as of December 31, 2025:

Common Stock Warrant liabilities	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance as of December 31, 2024	\$ —	\$ —	\$ 269,175	\$ 269,175
Granted	—	—	—	—
Exercised	—	—	—	—
Loss on change in fair value of warrant liabilities	—	—	(127,297)	(127,297)
Balance as of December 31, 2025	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 141,878</u>	<u>\$ 141,878</u>

There were no transfers of financial assets or liabilities between category levels for the three months ended March 31, 2026 or the year ended December 31, 2025.

The value of the warrant liabilities was based on valuations internally generated Black Scholes valuations. Due to the nominal exercise price of the 2024 Pre-Funded Warrants and indefinite term, the Company calculated an implied value of the 2024 Pre-Funded Warrants based on the underlying common stock price on the valuation date, less the exercise price. For volatility, the Company considers comparable public companies as a basis for its expected volatility to calculate the fair value of common stock warrants and transitions to its own volatility as the Company develops sufficient appropriate history as a public company. The risk-free interest rate is based on U.S. Treasury notes with a term approximating the expected term of the common stock warrant. The Company uses an expected dividend yield of zero based on the fact that the Company has never paid cash dividends and does not expect to pay cash dividends in the foreseeable future. Any significant changes in the inputs may result in significantly higher or lower fair value measurements.

The following are the weighted average and the range of assumptions used in estimating the fair value of warrant liabilities (weighted average calculated based on the number of outstanding warrants on each issuance) as of March 31, 2026 and 2025:

	March 31, 2026		March 31, 2025	
	Range	Weighted Average	Range	Weighted Average
Risk-free interest rate	3.87%	3.64%	3.96% - 4.35%	4.0%
Expected volatility (peer group)	130.0%	130.00%	117.5% - 133.5%	113.0%
Term of warrants (years)	3.44	3.68	0.14 - 4.44	4.32
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

NOTE 9 — CONVERTIBLE DEBT

2025 Convertible Note

On April 28, 2025, the Company entered into a Secured Convertible Note (the "2025 Convertible Note") with Alpha Capital Anstalt ("Alpha", or "Holder"), pursuant to which the Company issued to Alpha a non-interest-bearing note with a principal of \$264,000, and an original issue discount ("OID") of 20%, or \$44,000, in exchange for \$220,000 cash, less \$20,000 in expenses. The Note is convertible at any time at Alpha's option, into shares of the Company's common stock at a price equal to \$3.80 per share, subject to certain adjustments. The Convertible Note bears no interest, and the principal will be due on January 28, 2026 (the "Maturity Date").

The Company determined the 2025 Convertible Note does not contain a substantial premium and therefore the Company elected to account for the Convertible Note under the fair value option in accordance with ASC 825-10-15-4. The Company determined the fair value of the Convertible Note was \$311,943 at issuance. The difference between the \$220,000 proceeds received and fair value was recorded as a loss upon issuance in the amount of \$91,943. Issuance costs incurred in connection with the transaction were expensed immediately.

On June 4, 2025 the Company paid down \$132,000 in principal at the request of Alpha, and on January 28, 2026 the remaining balance of \$132,000 was paid. As of March 31, 2026, the remaining balance was zero, with a gain on the change in fair value of \$10,236 recorded in the three months ended March 31, 2026. As of December 31, 2025 the Company reassessed the fair value of the 2025 Convertible Note at \$142,236, with a gain on the change in fair value of \$37,707 recorded in the year ended December 31, 2025.

NOTE 10 — PROMISSORY NOTES

During the year ended December 31, 2025, the Company issued short term notes payable totaling \$4.4 million for total net proceeds of \$3.4 million. Over the course of the year the Company repaid all notes for a total of \$4.4 million, with the additional \$1.0 million paid as a premium to some of the lenders and was recorded under interest expenses.

There were no outstanding promissory notes outstanding as of March 31, 2026 or December 31, 2025.

NOTE 11 — LOSS PER SHARE

Basic loss per share (“EPS”) is computed by dividing net loss including deemed dividends by the weighted-average number of common shares outstanding plus unexercised pre-funded warrants. Diluted EPS is computed based on the sum of the weighted-average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of shares issuable from preferred stock, convertible debt, stock options and warrants.

	For the Three Months Ended March 31,	
	2026	2025
Net loss used for basic earnings per share	\$ (6,079,016)	\$ (2,646,172)
Basic weighted-average common shares outstanding	7,704,597	1,456,714
Dilutive potential shares issuable from preferred stock, convertible debt, stock options and warrants	—	—
Diluted weighted-average common shares outstanding	7,704,597	1,456,714

These potentially dilutive securities have been excluded from diluted net loss per share as of March 31, 2026 and 2025 because their effect would be anti-dilutive:

	As of March 31,	
	2026	2025
Shares of common stock subject to outstanding options	-	1,570
Shares of common stock subject to outstanding warrants (excluding pre-funded warrants)	528,371	89,681
Shares of common stock subject to outstanding preferred stock	2,976,848	1,659,615
Total common stock equivalents	3,505,219	1,750,866

NOTE 12 — COMMITMENTS AND CONTINGENCIES

As of March 31, 2026, the Company has no commitments and contingencies.

NOTE 13 — RESEARCH AND LICENSE AGREEMENTS

UCL Business Limited

In January 2022, the Company entered into a License Agreement with UCL Business Limited to obtain an exclusive worldwide in-license of a genomic quadruplex (G4)-selective transcription inhibitor drug development program which had been developed at University College London, including lead and back-up compounds, preclinical data and a patent estate. (UCL Business Limited is the commercialization company for University College London.) The program's lead compound is now being developed at the Company under the name QN-302 as a candidate for treatment for pancreatic ductal adenocarcinoma, which represents the vast majority of pancreatic cancers. The License Agreement required a \$150,000 upfront payment, reimbursement of past patent prosecution expenses (approximately \$160,000), and (if and when applicable) tiered royalty payments in the low to mid-single digits, clinical/regulatory/sales milestone payments and a percentage of any non-royalty sublicensing consideration paid to the Company.

There were no license costs recorded related to this agreement during the three months ended March 31, 2026 and 2025.

QN-302 Phase 1 Study

In June 2023, the Company entered into a Master Clinical Research Services Agreement with Translational Drug Development, LLC ("TD2") whereby TD2 agreed to perform certain clinical research and development services for the Company including but not limited to trial management, site identification and selection, site monitoring/management, medical monitoring, project management, data collection, statistical programming or analysis, quality assurance auditing, scientific and medical communications, regulatory affairs consulting and submissions, strategic consulting, and/or other related services. From time to time, the Company may enter into statements of work with TD2 for the performance of specific services under this Master Clinical Research Services Agreement.

In June 2023, the Company entered into a Master Laboratory Services Agreement with MLM Medical Labs, LLC ("MLM") whereby MLM agreed to perform certain clinical research and development services for the Company including but not limited to laboratory, supply, testing, validation, data management, and storage services. From time to time, the Company may enter into work orders with MLM for the performance of specific services under this Master Laboratory Services Agreement.

In June 2023, the Company entered into a Master Services Agreement with Clinigen Clinical Supplies Management, Inc. ("Clinigen") whereby Clinigen agreed to provide certain pharmaceutical products and/or services. From time to time, the Company may enter into statements of work with Clinigen for the performance of specific services under this Master Services Agreement.

In July 2023, pursuant to the above agreements, the Company entered into work orders and statements of work for clinical trial services for the conduct of the QN-302 Phase 1 study. Given our financial situation, the company slowed the development of the QN-302 Phase 1 Study beginning in the second quarter of 2024.

University of Louisville Research Foundation

In March 2019, the Company entered into a sponsored research agreement and an option for a license agreement with University of Louisville Research Foundation, Inc. ("ULRF") for development of several small-molecule RAS interaction inhibitor drug candidates. Under the terms of this agreement, the Company agreed to reimburse ULRF for sponsored research expenses of initially up to \$693,000 for this program. This agreement was amended in February 2021, March 2022 and August 2023, with the current term of this agreement expired in December 2023 and the aggregate amount that the Company would reimburse ULRF for sponsored research expenses increased to approximately \$2.9 million. In July 2020, the Company entered into an exclusive license agreement with ULRF for RAS interaction inhibitor drug candidates. Under the agreement, the Company took over development, regulatory approval and commercialization of the candidates from ULRF and is responsible for maintenance of the related intellectual property portfolio. In return, ULRF received approximately \$112,000 for an upfront license fee and reimbursement of prior patent costs. In addition, the Company has agreed to pay ULRF (i) royalties, on patent-covered net sales associated with the commercialization, of 4% (on net sales up to a cumulative \$250,000,000) or 5% (on net sales above a cumulative \$250,000,000), until expiration of the licensed patent, and 2.5% (on net sales for any sales not covered by Licensed Patents), (ii) 30% to 50% of any non-royalty sublicensee income received (50% for sublicenses granted in the first two years of the ULRF license agreement, 40% for sublicenses granted in the third or fourth years of the ULRF license agreement, and 30% for sublicenses granted in the fifth year of the ULRF license agreement or thereafter), (iii) reimbursements for ongoing costs associated with the preparation, filing, prosecution and maintenance of licensed patents, incurred prior to July 2020, and (iv) payments ranging from \$50,000 to \$5,000,000 upon the achievement of certain regulatory and commercial milestones. Milestone payments for the first therapeutic indication would be \$50,000 for first dosing in a Phase 1 clinical trial, \$100,000 for first dosing in a Phase 2 clinical trial, \$150,000 for first dosing in a Phase 3 clinical trial, \$300,000 for regulatory marketing approval and \$5,000,000 upon achieving a cumulative \$500,000,000 of Licensed Product sales. The Company also must pay ULRF shortfall payments if the total amounts actually paid with respect to royalties and non-royalty sublicensee income for any year is less than the applicable annual minimum (ranging from \$20,000 to \$100,000) for such year.

There were no sponsored research expenses or license costs related to these agreements for the three months ended March 31, 2026 and 2025.

Between June 2018 and April 2022, the Company entered into license and sponsored research agreements with ULRF for QN-247, a novel aptamer-based compound that has shown promise as an anticancer drug. Under the agreements, the Company took over development, regulatory approval and commercialization of the compound from ULRF and is responsible for maintenance of the related intellectual property portfolio. In return, ULRF received a \$50,000 convertible promissory note in payment of an upfront license fee, which was subsequently converted into the Company's common stock, and the Company agreed to reimburse ULRF for sponsored research expenses of up to approximately \$805,000 and prior patent costs of up to \$200,000. In addition, the Company agreed to pay ULRF (i) royalties, on patent-covered net sales associated with the commercialization of anti-nucleolin agent-conjugated nanoparticles, of 4% (on net sales up to a cumulative \$250,000,000) or 5% (on net sales above a cumulative \$250,000,000), until expiration of the last to expire of the licensed patents, (ii) 30% to 50% of any non-royalty sublicensee income received (50% for sublicenses granted in the first two years of the ULRF license agreement, 40% for sublicenses granted in the third or fourth years of the ULRF license agreement, and 30% for sublicenses granted in the fifth year of the ULRF license agreement or thereafter), (iii) reimbursements for ongoing costs associated with the preparation, filing, prosecution and maintenance of licensed patents, incurred prior to June 2018, and (iv) payments ranging from \$100,000 to \$5,000,000 upon the

achievement of certain regulatory and commercial milestones. Milestone payments for the first therapeutic indication would be \$100,000 for first dosing in a Phase 1 clinical trial, \$200,000 for first dosing in a Phase 2 clinical trial, \$350,000 for first dosing in a Phase 3 clinical trial, \$500,000 for regulatory marketing approval and \$5,000,000 upon achieving a cumulative \$500,000,000 of Licensed Product sales. The Company also agreed to pay another \$500,000 milestone payment for any additional regulatory marketing approval for each additional therapeutic (or diagnostic) indication. The Company must also pay ULRF shortfall payments if the total amounts actually paid with respect to royalties and non-royalty sublicensee income for any year is less than the applicable annual minimum (ranging from \$10,000 to \$50,000) for such year.

The sponsored research agreement for QN-247 expired in August 2022 and there were no sponsored research expenses or license costs related to these agreements for the three months ended March 31, 2026 and 2025.

All agreements with the ULRF were terminated in August 2024.

Marizyme

On April 11, 2024, we entered into a Co-Development Agreement with Marizyme. Under the Co-Development Agreement (as amended), we agreed to pay Marizyme funding payments and an exclusivity fee of \$200,000. The Exclusivity Fee of \$200,000 and a funding payment of \$500,000 was paid to Marizyme on April 12, 2024, and is included in research and development expenses in the unaudited condensed consolidated statements of operations and other comprehensive loss. The Exclusivity Fee entitled us to an exclusivity period until May 31, 2024 for purposes of proposing and outlining a broader strategic relationship with Marizyme with regard to Marizyme’s DuraGraft business. The funding payments are designed to provide financial support for commercialization of Marizyme’s DuraGraft™ vascular conduit solution, which is indicated for adult patients undergoing coronary artery bypass grafting surgeries and is intended for the flushing and storage of the saphenous vein grafts used in coronary artery bypass grafting surgery. In return for the funding payments we will receive quarterly a 33% payment in the nature of royalties on any Net Sales (as defined with a meaning tantamount to gross profit on net sales) of DuraGraft, capped at double the amount of the funding payments provided. No such payments-in-the-nature-of-royalties would accrue until after DuraGraft has been launched in the United States and a cumulative total of \$500,000 of DuraGraft Net Sales have been made in the United States. As of the March 31, 2026, these conditions have not been met and no royalty payments are due.

NOTE 14 — STOCKHOLDERS’ EQUITY

As of March 31, 2026 and 2025, the Company had two classes of authorized capital stock: common stock and preferred stock.

Common Stock

Holders of common stock generally vote as a class with the holders of the preferred stock and are entitled to one vote for each share held. Subject to the rights of the holders of the preferred stock to receive preferential dividends, the holders of common stock are entitled to receive dividends when and if declared by the Board of Directors. Following payment of the liquidation preference of the preferred stock, any remaining assets will be distributed ratably among the holders of the common stock and, on an as-if-converted basis, the holders of any preferred stock upon liquidation, dissolution or winding up of the affairs of the Company. The holders of common stock have no preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions.

At March 31, 2026, the Company has reserved 4,203,443 shares of authorized but unissued common stock for possible future issuance as follows:

Conversion of Series A-2 preferred stock	267,587
Conversion of Series B preferred stock	2,709,261
Exercise of stock warrants	1,226,595
Total	4,203,443

Faraday Subscription Agreement

As described in Note 1 – Business and Summary of Significant Accounting Policies and Estimates, on September 29, 2025, the Company consummated the Subscription Agreement with certain investors, including Faraday pursuant to which the Company issued and sold 337,432 shares of the Company’s common stock and issued 100,000 to the Company’s legal firm . The purchase price of the common stock was \$2.246 per share for an aggregate \$0.8 million.

Additionally, in connection with the closing of the Subscription Agreement, the Company issued 60,257 shares of common stock as compensation to its advisor which has been accounted for under ASC 718 *Compensation—Stock Compensation* (See Note 1 – Organization and Summary of Significant Accounting Policies and Estimates).

Further, in connection with the closing of the Subscription Agreement, 1,087,266 warrants were issued to the placement agent, (the “Placement Agent Warrants”). The Placement Agent Warrants were immediately exercisable and have an initial exercise price of \$2.47 per share. At March 31, 2026, 1,087,266 Placement Agent Warrants remain outstanding.

2024 Common Stock Purchase Agreement

On November 19, 2024, the Company entered into a Common Stock Purchase Agreement (the “Common Stock Purchase Agreement”) with Horberg Enterprises LP (the “Investor”), pursuant to which the Company in its sole discretion has the right, but not the obligation, to issue and sell to the Investor up to \$10.0 million of the Company’s common stock, from time to time beginning on the Commencement Date, as discussed below, subject to certain limitations and conditions detailed in the Common Stock Purchase Agreement. The Company is not obligated to sell any shares to the Investor under the Common Stock Purchase Agreement; sales and timing of any sales of the Company’s common stock are solely at the Company’s election. In accordance with the terms of the Common Stock Purchase Agreement, the Commencement Date is subject to certain conditions, including the effectiveness of a registration statement on Form S-1 or a similar prospectus permitting the Investor to offer and resell the shares of common stock acquired under the Common Stock Purchase Agreement.

No upfront fees were paid to the Investor at the execution of the arrangement. As of March 31, 2025, no registration statement had been filed and thus the Commencement Date permitting the sale of shares under the Common Stock Purchase Agreement had not yet occurred.

The Company evaluated the Common Stock Purchase Agreement under ASC 815-40 *Derivatives and Hedging-Contracts on an Entity’s Own Equity* as it represents the right to require the Investor to purchase shares of Common Stock in the future, similar to a put option. The Company concluded the Common Stock Purchase Agreement represents a freestanding derivative instrument that does not qualify for equity classification and therefore requires fair value accounting. The Company analyzed the terms of the contract and concluded the derivative instrument had no value at inception, as of March 31, 2026, or as of December 31, 2025.

Preferred Stock

There are a total of 15,000,000 shares of Preferred Stock authorized, of which 7,000 shares are designated as Series A-2 Preferred Stock, 10,000 shares are designated as Series A-3 Preferred Stock, and to 500,000 shares are designated as Series B Preferred Stock.

As described in Note 1 – Organization and Summary of Significant Accounting Policies and Estimates, on September 29, 2025, the Company consummated the Subscription Agreement pursuant to which the Company issued 39,943 shares of the newly designated Series B Preferred Stock, for \$1,000 per share, for aggregate gross proceeds of approximately \$39.9 million, before deducting placement agent fees and other offering expenses. This offering triggered a down-round provision of the Series A-2 Convertible Preferred Stock and Series A-3 Convertible Preferred Stock, as described further below, which resulted in a lower conversion price. As a result, the Company recorded a \$2.0 million deemed dividend in the amount equal to the change in fair value of the abovementioned series of convertible preferred stock before and after the anti-dilution adjustment.

On July 28, 2025, in a private placement transaction, the Company sold and issued to certain institutional and accredited investors 4,500 shares of Series A-3 Convertible Preferred Stock, par value \$0.001 per share, (the “Series A-3 Preferred Stock”), at a purchase price of \$1,000 per share, for aggregate gross proceeds of approximately \$4.5 million before deducting placement agent fees and offering expenses of \$0.2 million, resulting in net proceeds of \$4.3 million. This offering triggered a down-round provision of the Series A-2 Convertible Preferred Stock, as described further below, which resulted in a lower conversion price. As a result, the Company recorded a \$0.6 million deemed dividend in the amount equal to the change in fair value of the aforementioned series of convertible preferred stock before and after the anti-dilution adjustment.

On November 20, 2024 in a private placement transaction, the Company sold and issued to certain institutional and accredited investors 5,102 shares of the newly designated Series A-2 Convertible Preferred Stock, par value \$0.001 per share (the “Series A-2 Preferred Stock” and together with the Series A-3 Preferred Stock, the “Series A Preferred Stock”), at a purchase price of \$1,000 per share, for an aggregate purchase price of \$5.1 million. The Company also entered into an Exchange Agreement with Yi Hua Chen on November 18, 2024, pursuant to which it issued 1,154 shares of Series A-2 Preferred Stock in full settlement of the outstanding balance of the 2024 Chen Debenture of approximately \$1.15 million. During the year ended December 31, 2025, 5,656 shares of Series A-2 Convertible Preferred stock and 4,500 shares of Series A-3 Convertible Preferred Stock were converted into 3,926,263 shares of common stock at a Conversion Price ranging from \$3.64 to \$2.246. During the three months ended March 31, 2026, 33,858 shares of Series B Convertible Preferred Stock were converted into 15,074,610 shares of common stock at a Conversion Price of \$2.246. At March 31, 2026, the Company’s outstanding preferred stock consists of the following:

	Authorized Shares	Outstanding Shares	Conversion Price	Common Stock Equivalent
Series A-2	7,000	601	\$ 2.246	267,587
Series B	500,000	6,085	\$ 2.246	2,709,261

The shares of Series A-2 Preferred Stock, Series A-3 Preferred Stock, and Series B Preferred Stock have the rights, preferences, powers, restrictions and limitations as set forth below.

Conversion Rights – Each share of Preferred Stock is convertible at any time, at the option of the holder, into a number of shares of common stock equal to \$1,000 (the “Stated Value”), divided by a conversion price initially equal to \$3.64 for each share of Series A-2 Preferred Stock, \$2.80 for each share of Series A-3 Preferred stock and \$2.246 for each share of Series B Preferred Stock (the “Conversion Shares”), subject to adjustment for any stock splits, stock dividends and similar events (the “Conversion Price”).

The Conversion Prices of the Series A Preferred Stock are also subject to down-round adjustments if the Company at any time while the Series A Preferred Stock is outstanding issues common stock or common stock equivalents at a lower effective price per share than the then-effective Conversion Price, in all cases subject to a floor price of \$1.82 and \$1.40 for the Series A-2 Preferred Stock and the Series A-3 Preferred Stock, respectively. Conversion of the Series A Preferred Stock will be prohibited if, as a result of such conversion, the holder, together with its affiliates, would beneficially own more than 4.99% (or 9.99% at the option of the holder) of the total number of shares of the Company’s common stock issued and outstanding.

Liquidation Preference – Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of Series A Preferred Stock shall be entitled to an amount equal to the Stated Value for each share of Series A-2 Preferred Stock before any distribution or payment shall be made to the holders of common stock. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of Series B Preferred Stock shall be entitled to an amount equal to the Stated Value, plus any accrued and unpaid dividends thereon before any distribution or payment shall be made to the holders of common stock.

Voting Rights – The holders of Series A Preferred Stock are entitled to vote, together as a single class with the common stock, on all matters presented to the common stockholders for a vote. Each share of Preferred Stock is entitled to a number of votes equal to the number of shares into which such share of Preferred Stock would be convertible, as of the record date for determination of stockholders entitled to vote as to such matter, if the conversion price was equal to the “Minimum Price” (as defined in Nasdaq Listing Rule 5635(d)) as of the original issue date of the Series A Preferred Stock, taking into account for such purposes the beneficial ownership limitation as then in effect. The holders of Series B Preferred stock will vote together with common stock on an as-converted basis.

Dividends – The holders of Series A Preferred Stock and Series B Preferred Stock are entitled to receive dividends, if and when such dividends are paid to holders of common stock, in the same form and at the same time on an as-converted to common stock basis.

Protective Provisions – At all times while the Series A Preferred Stock and Series B Preferred Stock are outstanding, without the consent of the holders of at least 67% of the Stated Value of each series of the then-outstanding Series A Preferred Stock and holders of at least 75% of the Stated Value of the then-outstanding Series B Preferred Stock, (the “Required Consent”), the Company is prohibited from amending its charter documents in any manner that adversely affects the rights of the Series A Preferred Stock and Series B Preferred Stock, repurchase junior securities of the Company, pay cash dividends or distributions on junior securities of the Company, or enter into a material transactions with an affiliate of the Company (unless it is at arm’s length and expressly approved by a majority of the disinterested directors). Without the Required Consent of the Series B Preferred Stock, the Company is prohibited from entering into, creating, assuming or guaranteeing any new indebtedness or liens of any kind.

In addition, as long as any shares of Series B Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding shares of the Series B Preferred Stock directly and/or indirectly (a) alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock or alter or amend this Certificate of Designation, (b) authorize or create any class of stock ranking as to redemption or distribution of assets upon a Liquidation (as defined in Section 5) senior to, or otherwise pari passu with, the Series B Preferred Stock or, authorize or create any class of stock ranking as to dividends senior to, or otherwise pari passu with, the Series B Preferred Stock, (c) amend its Articles of Incorporation or other charter documents in any manner that adversely affects any rights of the holders of the Series B Preferred Stock, (d) increase the number of authorized shares of Series B Preferred Stock, or (e) enter into any agreement with respect to any of the foregoing.

Upon any subsequent issuance by the Company or any of its subsidiaries of common stock or common stock equivalents for cash consideration, indebtedness or a combination of units thereof (a “Subsequent Financing”), holders of Series B Preferred Stock may elect, in its sole discretion, to exchange (in lieu of conversion), if applicable, all or some of the shares of Series B Preferred Stock then held for any securities or units issued in a Subsequent Financing on a \$1.00 for \$1.00 basis. Additionally, if in such Subsequent Financing there are any contractual provisions or side letters that provide terms more favorable to the investors than the terms previously provided to holders of the Series B Preferred Stock, holders of the Series B Preferred Stock shall become a part of the transaction documents, at their option.

Stock Options and Warrants

Stock Options

The Company recognizes all compensatory share-based payments as compensation expense over the service period, which is generally the vesting period.

In April 2020, the Company adopted the 2020 Stock Incentive Plan (the “2020 Plan”), which provides for the granting of incentive or non-statutory common stock options and other types of awards to qualified employees, officers, directors, consultants and other service providers.

In October 2025, the Company adopted the 2025 Equity Incentive Plan (the “2025 Plan”), which provides for the granting of incentive or non-statutory common stock options and other types of awards to qualified employees, officers, directors, consultants and other service providers. As of March 31, 2026, no awards were granted or outstanding under the 2025 Plan.

Equity Classified Compensatory Warrants

As part of the May 2020 reverse recapitalization transaction, the Company issued equity classified compensatory common stock warrants to an advisor and its designees. In addition, various service providers hold equity classified compensatory common stock warrants issued in 2017 and earlier (originally exercisable to purchase Series C convertible preferred stock, and now instead exercisable to purchase common stock). These are to be differentiated from the Series C Warrants described in Note 8 - Warrant Liabilities. As of March 31, 2026, warrants to purchase 107 shares of the Company’s common stock remain outstanding.

No new compensatory warrants were issued during the three months ended March 31, 2026 or the three months ended March 31, 2026.

The following table summarizes the equity classified compensatory warrant activity for the three months ended March 31, 2026:

	Common Stock			
	Shares	Weighted– Average Exercise Price	Range of Exercise Price	Weighted– Average Remaining Life (Years)
Total outstanding – December 31, 2025	160	\$ 1,270.25	\$1,270.25 — \$1,270.25	0.81
Exercised	—	—	—	—
Expired	(53)	—	—	—
Forfeited	—	—	—	—
Total outstanding – March 31, 2026	107	\$ 1,270.25	\$1,270.25 — \$1,270.25	0.90
Exercisable	107	\$ 1,270.25	\$1,270.25 — \$1,270.25	0.90
Non-Exercisable	—	—	—	—

The following table summarizes the equity classified compensatory warrant activity for the three months ended March 31, 2025:

	Common Stock			
	Shares	Weighted– Average Exercise Price	Range of Exercise Price	Weighted– Average Remaining Life (Years)
Total outstanding – December 31, 2024	509	\$ 1,270.25	\$1,270.25 — \$1,270.25	0.69
Exercised	—	—	—	—
Expired	(345)	\$ 1,270.25	\$1,270.25 — \$1,270.25	—
Forfeited	—	—	—	—
Total outstanding – March 31, 2025	164	\$ 1,265.45	\$1,270.25 — \$1,270.25	1.53
Exercisable	164	\$ 1,265.45	\$1,270.25 — \$1,270.25	1.53
Non-Exercisable	—	—	—	—

There were no compensation costs related to outstanding warrants for the three months ended March 31, 2026 and 2025. As of March 31, 2026 and 2025, there was no unrecognized compensation cost related to nonvested warrants.

Noncompensatory Equity Classified Warrants

On December 22, 2022, in conjunction with the issuance of a debenture to Alpha (see Note 9 – Convertible Debt), the Company issued to Alpha a warrant to purchase 50,000 shares of the Company’s common stock. The exercise price of this warrant was initially \$82.50, and may be exercised in whole or in part, on or after June 22, 2023 and at any time before June 22, 2028. On December 5, 2023, the Company entered into an Amendment No. 1 with regard to the related Securities Purchase Agreement, with Alpha. This Amendment reduced the Exercise Price of the December 22, 2022 warrant from \$82.50 per share to \$36.50 per share. The Amendment also revised certain provisions of the warrant which resulted in reclassification of the warrant from liabilities to equity during the year ended December 31, 2023. During the year ended December 31, 2024 this warrant was partially exercised for 31,998 shares, and as of March 31, 2026 warrants to purchase 18,002 shares of the Company’s common stock remain outstanding.

On February 27, 2024 the Company entered into a new Securities Purchase Agreement with Alpha for the purchase of the February 2024 Debenture (see Note 9 – Convertible Debt). This Securities Purchase Agreement resulted in the reduction of the exercise price of the December 22, 2022 warrant and the May 2020 warrant from \$36.50 per share to \$13.00 per share. The company recognized a deemed dividend of \$60,017, which represents the incremental fair value of the outstanding warrants as a result of the down-round provision. As the Company has an accumulated deficit, the deemed dividend was recorded as a reduction in additional paid-in capital, resulting in a net impact of zero to additional paid-in capital in the unaudited condensed consolidated statements of changes in stockholders’ equity. In addition, on February 27, 2024, the Company issued to Alpha a warrant to purchase 18,001 shares of the Company’s common stock at an exercise price of \$13.00 per share, which may be exercised in whole or in part, at any time before February 27, 2029.

On September 6, 2024 as a result of the down-round provision triggered by shares sold in a public offering, the above warrants were repriced from \$13.00 per share exercise price to \$6.50 per share exercise price. The company recognized an additional deemed dividend of \$27,587, which represents the incremental fair value of the outstanding warrants as a result of the down-round provision. As the Company has an accumulated deficit, the deemed dividend was recorded as a reduction in additional paid-in capital, resulting in a net impact of zero to additional paid-in capital in the unaudited consolidated statements of changes in stockholders’ equity.

On April 12, 2024, in connection with the issuance of a convertible debenture to Chen (see Note 9 – Convertible Debt), the Company issued a liability classified warrant to Chen to purchase 36,001 shares of common stock, exercisable until February 27, 2029. On September 6, 2024, as a result of a down-round provision triggered by shares sold in a public offering, the warrant was repriced from an exercise price of \$13.00 per share to an exercise price of \$6.50 per share. The warrant was initially liability classified due to an insufficient number of authorized shares to settle the warrant prior to the receipt of shareholder approval, which was subsequently obtained on October 25, 2024. As of that date, the Company determined that shareholder approval resulted in equity classification for the warrant and accordingly, the Company remeasured the warrant liability to fair value, and reclassified to noncompensatory equity classified warrants.

On September 6, 2024 as a result of the down-round provision triggered by shares sold in a public offering, the above warrants were repriced from \$13.00 per share exercise price to \$6.50 per share exercise price. The company recognized an additional deemed dividend of \$27,587, which represents the incremental fair value of the outstanding warrants as a result of the down-round provision. As the Company has an accumulated deficit, the deemed dividend was recorded as a reduction in additional paid-in capital, resulting in a net impact of zero to additional paid-in capital.

As a result of a partial voluntary conversion of the 2024 Alpha Debenture on September 9, 2024, the Company no longer had sufficient shares to settle the 2024 Alpha Warrant in full until shareholder approval was obtained, and a portion (2,314 warrant shares with a fair value of \$14,997) was reclassified to liabilities (see Note 8 – Warrant Liabilities). Shareholder approval was subsequently obtained on October 25, 2024, and as of that date, the Company determined that shareholder approval resulted in equity classification for the warrant again and, accordingly, the Company remeasured the warrant liability to fair value, and reclassified to noncompensatory equity classified warrants.

On September 6, 2024, upon the closing of a public offering, the Company issued pre-funded warrants to purchase 239,456 common shares at a price of \$6.45 per share with an exercise price of \$0.05 per share (the “pre-funded warrants”). The pre-funded warrants are exercisable upon issuance and will remain exercisable until all the pre-funded warrants are exercised in full. Pre-funded warrants for 188,257 common shares were exercised during the year ended December 31, 2024. At March 31, 2026 pre-funded warrants for 51,199 common shares remained outstanding.

On September 6, 2024, upon the closing of a public offering, 16,019 warrants were issued to the placement agent. These warrants were not exercisable until March 5, 2025 and expire on September 6, 2029.

On November 20, 2024, the Company closed its private placement transaction resulting in the issuance of newly designated Series A-2 Preferred Stock. As a result of the issuance of a new class of voting securities, the Company evaluated its equity classified compensatory warrants’ respective terms, and concluded that compensatory warrants to purchase 1,353 common shares with a weighted average exercise price of \$6.50 and a fair value of \$904 were required to be reclassified to liabilities as of November 20, 2024.

On April 28, 2025 as a result of the down-round provision triggered by the issuance of the 2025 Convertible Note (see Note 9 - Convertible Debt), warrants for 54,002 common shares were repriced from \$6.50 per share exercise price to \$5.82 per share exercise price. The company recognized a deemed dividend of \$1,586, which represents the incremental fair value of the outstanding warrants as a result of the down-round provision. As the Company has an accumulated deficit, the deemed dividend was recorded as a reduction in additional paid-in capital, resulting in a net impact of zero to additional paid-in capital in the unaudited condensed consolidated statements of changes in stockholders’ equity.

As discussed above, on September 29, 2025, 1,087,266 Placement Agent Warrants were issued. The Placement Agent Warrants were immediately exercisable and have an initial exercise price of \$2.47 per share. At March 31, 2026, 1,087,266 Placement Agent Warrants remain outstanding.

The following table summarizes the noncompensatory equity classified warrant activity for the three months ended March 31, 2026:

	Common Stock			
	Shares	Weighted– Average Exercise Price	Range of Exercise Price	Weighted– Average Remaining Life (Years)
Total outstanding – December 31, 2025	1,159,270	\$ 2.72	\$2.47 — \$6.50	4.64
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Total outstanding – March 31, 2026	1,159,270	\$ 2.72	\$2.47 — \$6.50	4.39
Exercisable	1,159,270	\$ 2.72	\$2.47 — \$6.50	4.39
Non-Exercisable	—	—	—	—

The following table summarizes the noncompensatory equity classified warrant activity for the three months ended March 31, 2025:

	Common Stock			
	Shares	Weighted– Average Exercise Price	Range of Exercise Price	Weighted– Average Remaining Life (Years)
Total outstanding – December 31, 2024	72,004	\$ 6.50	\$6.50 — \$6.50	3.99
Granted	—	—	—	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Total outstanding – March 31, 2025	72,004	\$ 6.50	\$6.50 — \$6.50	3.74
Exercisable	72,004	\$ 6.50	\$6.50 — \$6.50	3.74
Non-Exercisable	—	—	—	—

NOTE 15 — RELATED PARTY TRANSACTIONS

Lead Investor Agreement

In connection with the Subscription Agreement, the Company and Faraday Future Intelligent Electric Inc. entered into a Lead Investor Agreement. Pursuant to this agreement, Faraday committed to invest a minimum of \$30 million in a Private Placement. The material terms of the Lead Investor Agreement include:

- **Treasury Reserve & Crypto Custody:** The Company will adopt a Treasury Reserve Policy establishing cryptocurrencies as its primary ongoing treasury reserve asset.
- **Executive Appointments:** Concurrent with the closing, Faraday appointed Jiawei Wang as Co-Chief Executive Officer and Koti Meka as Chief Financial Officer. The Faraday-appointed Co-CEO is solely responsible for all non-legacy business operations and has been granted sole access to all crypto-related accounts of the Company, subject to delegation.
- **Board Restructuring:** The Board size was initially reduced to five members, with Faraday appointing two initial directors to fill vacancies. Following stockholder approval, the Board will expand to seven members, granting Faraday the right to appoint up to two additional directors. Faraday retains the right to proportional board representation so long as it maintains at least 5% beneficial ownership of the Company's Common Stock.
- **Transitional Governance Controls:** Prior to receiving stockholder approval, the Faraday-appointed Co-CEO will manage all new business affairs and holds the exclusive authority to approve and execute new agreements on behalf of the Company. Legacy business affairs continue to be managed by the current CEO.

Actual proceeds from the Lead Investor Agreement from Faraday as well as several members of Faraday's executive management team amounted to \$34.2 million.

As part of the Lead Investor Agreement, YT Jia, the Co Chief Executive Officer of Faraday, contributed \$4,000,000.

As part of the Lead Investor Agreement, Jerry Wang, the President of Faraday, contributed \$200,000.

Master Service Agreement

On September 30, 2025 the Company entered into a Transition Services Agreement with Faraday to provide support and management services. During the three months ended March 31, 2026, approximately \$0.5 million was charged to the Company under the Transition Services Agreement and fully paid by the end of the period. During the three months ended March 31, 2026, \$0.5 million was charged to the Company under the Transition Services Agreement, none of which was outstanding as of year end. There was no expenses charged under this agreement in the three months ended March 31, 2025. The balance of charges dues under this agreement was \$1.0 million as of December 31, 2025 and was classified under Related Party Payable on the consolidated balance sheet

Related Party Accrued Expenses

In 2025 the Company entered into verbal agreements with several members of management and consultants, including Faraday Future Global Partners (a company that shares several board members with Faraday), the Chief Executive Officer of Faraday, several board members of Faraday, members of the audit committee of the Company, the Chief Executive Officer of the Company, and the Chief Financial Officer of Faraday, to provide management consulting services. These agreements were finalized in 2026, and were made retroactive to November 1, 2025. The agreements includes services beginning in the year ended December 31, 2025 in the total amount of approximately \$639,000. This amount was outstanding as of December 31, 2025 and is classified under Related Party Payable on the unaudited condensed consolidated balance sheet. During the three months ended March 31, 2026, a total amount of approximately \$805,000 was charged under these agreements, and as of March 31, 2026 approximately \$448,000 was outstanding, and was classified under Related Party Payable.

Warrants

On May 22, 2020, as a commitment fee, the Company issued warrants to Alpha for the purchase of common stock. As of December 31, 2024, 141 of these warrants remained outstanding and exercisable, and were able to be exercised in whole or in part, at any time before May 22, 2025. These warrants expired, and as of December 31, 2025, none of these warrants remain outstanding and exercisable. During years ended December 31, 2025 and 2024 there were no exercises of this warrant. This warrant was equity classified as of December 31, 2023 and was reclassified to warrant liabilities during the year ended December 31, 2024 (see Note 8 - Warrant Liabilities).

On December 22, 2022, in conjunction with the issuance of a debenture to Alpha, the Company issued to Alpha a warrant to purchase 50,000 shares of the Company's common stock. This warrant may be exercised by Alpha, in whole or in part, on or after June 22, 2023 and at any time before June 22, 2028, subject to certain terms and conditions described in the warrant. During the year ended December 31, 2024, Alpha partially exercised this warrant to purchase 31,998 shares respectively, of the Company's common stock at a weighted average exercise price of \$13.00, for total cumulative proceeds to the Company of \$416,000. During the year ended December 31, 2025, there were no exercises of this warrant. This warrant is included in equity on the Company's unaudited condensed consolidated balance sheets (see Note 14 – Stockholders' Equity).

On February 27, 2024, in conjunction with the issuance of a debenture to Alpha, the Company issued to Alpha, a warrant to purchase 18,001 shares of the Company's common stock, exercisable in whole or in part, until February 27, 2029, subject to certain terms and conditions described in the warrant. This warrant is presented on the balance sheet as an equity classified warrant.

On September 6, 2024 as a result of the down-round provision triggered by shares sold in a public offering, the above warrants were repriced from \$13.00 per share exercise price to \$6.50 per share exercise price. The company recognized an additional deemed dividend of \$27,587, which represents the incremental fair value of the outstanding warrants as a result of the down-round provision. As the Company has an accumulated deficit, the deemed dividend was recorded as a reduction in additional paid-in capital, resulting in a net impact of zero to additional paid-in capital in the unaudited condensed consolidated statements of changes in stockholders' equity. On April 28, 2025, as a result of the down-round provision triggered by the issuance of the 2025 Convertible Note, the warrant was repriced from an exercise price of \$6.50 per share to an exercise price of \$5.82 per share. No further down-round provisions were triggered by the July 28, 2025 private placement transaction or the Subscription Agreement as these warrants were at their contractual floor.

As a result of a partial voluntary conversion of the 2024 Alpha Debenture on September 9, 2024, the Company no longer had sufficient shares to settle the 2024 Alpha Warrant in full until shareholder approval was obtained, and a portion (2,314 warrant shares with a fair value of \$14,997) was reclassified to liabilities (see Note 8 – Warrant Liabilities). Shareholder approval was subsequently obtained on October 25, 2024, and as of that date, the Company determined that shareholder approval resulted in equity classification for the warrant again and, accordingly, the Company remeasured the warrant liability to fair value, and reclassified to noncompensatory equity classified warrants.

During the three months ended March 31, 2026, there were no exercises of this warrant. This warrant is included in equity on the Company's unaudited consolidated balance sheets (see Note 14 – Stockholders' Equity).

As of March 31, 2026, the exercise price of all of the above warrants issued to Alpha was \$6.50.

On April 12, 2024, in connection with the issuance of a debenture to Chen (see Note 9 – Convertible Debt), the Company issued a liability classified warrant to Chen to purchase 36,001 shares of common stock, exercisable until February 27, 2029. On September 6, 2024, as a result of a down-round provision triggered by shares sold in a public offering, the warrant was repriced from an exercise price of \$13.00 per share to an exercise price of \$6.50 per share. The warrant was initially liability classified due to an insufficient number of authorized shares to settle the warrant prior to the receipt of shareholder approval, which was subsequently obtained on October 25, 2024. As of that date, the Company determined that shareholder approval resulted in equity classification for the warrant and accordingly, the Company remeasured the warrant liability to fair value, and reclassified to noncompensatory equity classified warrants (see Note 14 – Stockholders' Equity). The fair value of this warrant was \$565,582 on the issuance date and \$185,531 on the date of reclassification to equity. On April 28, 2025, as a result of the down-round provision triggered by the issuance of the 2025 Convertible Note, the warrant was repriced from an exercise price of \$6.50 per share to an exercise price of \$5.82 per share. No further down-round provisions were triggered by the July 28, 2025 private placement transaction or the Subscription Agreement as these warrants were at their contractual floor.

Prepaid Investment

In February 2026, the Company paid \$10.0 million to Faraday, a related party, as part of an entrusted investment arrangement pursuant to which GKA was engaged to acquire equity securities on the Company's behalf. As of March 31, 2026, the underlying securities had not been issued and the Company had not obtained ownership rights, and the advance is recorded as a prepaid investment as discussed in Note 5 – Prepaid Investment, Prepaid Expenses and Other Current Assets.

NOTE 16 — SEGMENT INFORMATION

The Company operates as a single operating and reportable segment. This determination is consistent with the manner in which the Company's Chief Operating Decision Maker ("CODM") evaluates performance, allocates resources, and reviews financial results.

The CODM consists of the Company's two Co-Chief Executive Officers and its Chief Financial Officer. The CODM reviews consolidated financial information and does not receive discrete financial information for separate business components. Prior to the Offering (see Note 1 – Organization and Summary of Significant Accounting Policies and Estimates), the CODM consisted of the sole Chief Executive Officer.

In accordance with ASC 280, *Segment Reporting*, the Company has concluded that it has one operating and reportable segment because its financial results are reviewed on a consolidated basis and no component meets the definition of a separate operating segment.

The Company's operations primarily consist of the development and commercialization of AI-enabled technology products and services, including AI-based trading tools, digital-asset tokenization and embedded AI services, and AI-powered cryptocurrency portfolio management solutions. Prior to the Offering, the Company was an early-stage clinical therapeutics company focused on developing treatments for adult and pediatric cancer. The CODM evaluates performance and allocates resources based on consolidated net income (loss). The CODM reviews the Company's significant segment expenses, which are its consolidated operating expenses, including research and development, general and administrative, and interest and other expenses, broken out as follows:

	For the Three Months Ended	
	March 31,	
	2026	2025
EXPENSES		
General and administrative	\$ 3,547,853	\$ 2,494,532
Sales and Marketing	638,222	—
Research and development	5,072	33,167
Credit loss expense - short-term note receivable	142,574	197,000
Total expenses	4,333,721	2,724,699
Total other expense (income), net ⁽¹⁾	1,745,295	(78,527)
NET LOSS	<u>\$ 6,079,016</u>	<u>\$ 2,646,172</u>

(1) Includes total non-operating expenses and provision for income taxes.

The CODM evaluates the Company's financial position based on the consolidated balance sheet and does not review segment-level asset information. Accordingly, no separate segment asset disclosures are presented.

NOTE 17 — SUBSEQUENT EVENTS

On April 10, 2026, the Company entered into first and second amendments to its previously disclosed entrusted investment agreement with GKA and Song Wang, which expanded the scope of entrusted assets to include preferred equity and debt instruments of Faraday and modified certain governance and option provisions. On April 14, 2026, GKA and Faraday executed an amended and restated securities purchase agreement increasing the aggregate investment to \$12.0 million, consisting of purchases of Faraday Class A common stock and newly designated Series C Convertible Preferred Stock. The amended agreement eliminated prior price protection provisions in exchange for the issuance of a warrant exercisable for 1,000,000 shares of Faraday Class A common stock, subject to customary ownership limitations and Nasdaq requirements. The transaction closed on April 15, 2026, upon which the subject securities were issued.

In connection with the transaction, GKA provided a \$2.0 million unsecured loan to Faraday on April 10, 2026, funded by the Company under the entrusted investment agreement. Upon execution of the amended and restated securities purchase agreement on April 14, 2026, all outstanding principal and accrued interest under the loan were canceled and extinguished and the loan agreement was terminated. As these agreements were executed after the balance sheet date and do not provide evidence of conditions existing as of that date, they represent non-recognized subsequent events under ASC 855, and no adjustments have been made to the Company's unaudited condensed consolidated financial statements.

On April 17, 2026, the Company filed a Registration Statement on Form S-8 to register an aggregate of 1,047,865 shares of the Company's common stock, par value \$0.001 per share, reserved and available for issuance pursuant to the Company's 2025 Equity Incentive Plan.

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

The following discussion and analysis should be read in conjunction with our interim unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q (this "Quarterly Report") and the audited financial statements and notes thereto as of and for the twelve months ended December 31, 2025, which are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 30, 2026. As used in this Quarterly Report, unless the context suggests otherwise, "we," "us," "our," or "AlxC" refer to AlxCrypto Holdings, Inc. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions.

Cautionary Note Regarding Forward Looking Statements

This Quarterly Report contains forward-looking statements by the Company that involve risks and uncertainties and reflect the Company's judgment as of the date of this Report. These statements generally relate to future events or the Company's future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," or "continue" or the negative of these words or other similar terms or expressions that concern the Company's expectations, strategy, plans or intentions. Such forward-looking statements may relate to, among other things, potential future development, testing and launch of products and product candidates. Actual events or results may differ from our expectations due to a number of factors.

Some of the factors that we believe could cause actual results to differ from those anticipated or predicted include:

- The projected financial information, anticipated growth rate, and market opportunities of the Company;
- The ability to maintain the listing of our Common Stock on Nasdaq;
- Our public securities' potential liquidity and trading;
- Our ability to raise financing in the future;
- Our success in retaining or recruiting, or changes required in, officers, key employees, or directors;
- Potential effects of extensive government regulation;
- Our future financial performance and capital requirements;
- High inflation rates and interest rate increases;
- The trends in, expected growth in and market size of the blockchain and Fintech industries in the markets we have business and globally;
- Our ability to continue to develop new technologies and/or upgrade our existing technologies
- factors relating to our business, operations, and financial performances, including:
- Our ability to compete in a changing industry and respond quickly and cost-effectively to new or emerging technologies
- Our ability to generate the earnings necessary to fund our operations, continue to grow our business or repay our debt obligations;
- The future development and growth of cryptocurrency; and
- Our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally given the highly evolving and uncertain regulatory landscape.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics, and healthcare, regulatory and scientific developments and depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent in some future periods with the forward-looking statements contained in this Quarterly Report, they may not be predictive of results or developments in other future periods. Any forward-looking statement that we make in this Quarterly Report speaks only as of the date of this Quarterly Report, and we disclaim any intent or obligation to update these forward-looking statements beyond the date of this Quarterly Report, except as required by law. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Future filings with the Securities and Exchange Commission (the “SEC”), future press releases and future oral or written statements made by us or with our approval, which are not statements of historical fact, may also contain forward-looking statements. Because such statements include risks and uncertainties, many of which are beyond our control, actual results may differ materially from those expressed or implied by such forward-looking statements. The forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

Overview

We are a technology infrastructure company focused on developing programmable systems at the intersection of real-world asset (“RWA”) tokenization and Embodied Artificial Intelligence (“EAI”). Our objective is to provide regulated, auditable software infrastructure that enables traditional assets and AI-enabled physical systems to interact with blockchain-based networks.

In September 2025, the Company completed a \$41 million PIPE financing and rebranded from Qualigen Therapeutics to AIxCrypto Holdings, Inc. (Nasdaq: AIXC). Following a strategic review, in February 2026 the Company realigned its operations to focus exclusively on RWA tokenization and EAI infrastructure. As part of this realignment, the Company discontinued development of the BesTrade DeAI Agent platform and the C10 digital asset portfolio management tools, which were early-stage initiatives that did not align with our enterprise and institutional infrastructure objectives. We did not incur material additional impairment charges related to these initiatives beyond amounts previously disclosed.

The Company continues to evaluate strategic alternatives for its legacy therapeutics assets, including continued development, licensing, or disposition.

Core Operating Focus

Real-World Asset Tokenization

AIxC is developing software infrastructure to support the digitization and on chain administration of traditional financial and real world assets, with compliance logic and ownership records encoded directly into programmable smart contracts. As an initial reference implementation, pursuant to an Entrusted Investment Agreement, in February 2026 the Company advanced \$10.0 million in connection a contractually committed equity investment in Faraday Future Intelligent Electric Inc. (Nasdaq: FFAI), which is recorded as a prepaid investment to a related party as of March 31, 2026, as the underlying shares had not been issued or settled as of that date. Tokenization of this investment has not yet occurred and remains subject to further technical development and regulatory considerations. The Company expects to pursue revenue through structuring fees, platform licensing, and asset administration services.

Embodied AI Infrastructure

The Company is developing the AIxC Hub, a decentralized application ecosystem intended to support the registration, validation, and economic coordination of AI enabled physical systems, with transaction settlement and incentive mechanisms encoded on chain. AIxC is engaged in an early stage collaboration with FFAI Robotics Inc., a subsidiary of Faraday Future Intelligent Electric Inc., as a potential initial deployment environment. No definitive commercial agreements have been executed, and there can be no assurance that any such arrangements will be completed.

Recent Developments

Marizyme

On April 11, 2024, the Company entered into a Co-Development Agreement (the “Co-Development Agreement”) with Marizyme. Under the Co-Development Agreement (as amended), we agreed to pay Marizyme a Funding Payment of up to \$1,750,000 and an Exclusivity Fee of \$200,000. The Exclusivity Fee of \$200,000 and a Funding Payment of \$500,000 was paid to Marizyme on April 12, 2024. The Exclusivity Fee entitled us to an exclusivity period until May 31, 2024 for purposes of proposing and outlining a broader strategic relationship with Marizyme with regard to Marizyme’s DuraGraft business. The Funding Payment is designed to provide financial support for commercialization of Marizyme’s DuraGraft™ vascular conduit solution, which is indicated for adult patients undergoing coronary artery bypass grafting surgeries and is intended for the flushing and storage of the saphenous vein grafts used in coronary artery bypass grafting surgery. In return for the Funding Payment, we will receive quarterly a 33% payment in the nature of royalties on any Net Sales (as defined with a meaning tantamount to gross profit on net sales) of DuraGraft, capped at double the amount of the Funding Payment cash provided. No such payments-in-the-nature-of-royalties would accrue until after DuraGraft has been launched in the United States and a cumulative total of \$500,000 of DuraGraft Net Sales have been made in the United States.

In addition, during the year ended December 31, 2025, the Company advanced a total of \$4,166,900 to Marizyme, against which Marizyme had previously delivered demand promissory notes to the Company of like principal amounts (the “Marizyme Notes”). No additional funds were advanced during the three months ended March 31, 2026. The Marizyme Notes bear interest the rate of eighteen percent (18%) per annum. Marizyme may pre-pay all or any part of the outstanding principal or interest of the Marizyme Notes at any time and from time to time, in whole or in part, without premium or penalty, until its maturity on August 21, 2026. Throughout the fourth quarter of 2025, the Board reassessed its interest in further pursuing a transaction with Marizyme given the Faraday Investment (as described further below) and Marizyme’s continued need for funding support, and, as such, management updated its expected credit loss (“CECL”) estimate under ASC 326 as of March 31, 2026.

Faraday Investment

In September 2025 we consummated a Subscription Agreement (the “Subscription Agreement”) with certain investors including Faraday Future Intelligent Electric Inc. (NASDAQ: FFAI)(the “Lead Investor” or “Faraday”) pursuant to which the investors purchased \$40.7 million (the “Offering”) of our Common Stock and shares of a newly created Series B Convertible Preferred Stock, par value \$0.001 per share (the “Series B Preferred Stock”). Up to \$6.8 million of the net proceeds from the Offering were used to pay existing debt and fund our existing business operations, and the balance of the cash proceeds and contributed currency will be used for the establishment of our cryptocurrency treasury operations, using AlxCrypto.

Critical Accounting Policies and Estimates

This discussion and analysis is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our unaudited condensed consolidated financial statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the unaudited condensed consolidated financial statements. While the Company’s significant accounting policies and estimates are further outlined in Note 1 - Business and Summary of Significant Accounting Policies and Estimates of the unaudited condensed consolidated financial statements, Management believes that none of these give rise to critical accounting policies or estimates in these unaudited condensed consolidated financial statements.

Results of Operations

Comparison of the three months Ended March 31, 2026 and 2025:

	For the Three Months Ended March 31,	
	2026	2025
EXPENSES		
General and administrative	\$ 3,547,853	\$ 2,494,532
Sales and Marketing	638,222	—
Research and development	5,072	33,167
Credit loss expense - short-term note receivable	142,574	197,000
Total expenses	<u>4,333,721</u>	<u>2,724,699</u>
LOSS FROM OPERATIONS	(4,333,721)	(2,724,699)
OTHER EXPENSE (INCOME), NET		
Gain on change in fair value of warrant liabilities	(69,660)	(39,224)
Gain on change in fair value of convertible debt	(10,236)	—
Impairment of intangible assets	182,619	—
Interest expense	—	73,615
Interest income	(303,010)	(112,953)
Net loss on digital assets	1,945,582	—
Total other expense (income), net	<u>1,745,295</u>	<u>(78,562)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	(6,079,016)	(2,646,137)
PROVISION FOR INCOME TAXES	—	35
NET LOSS	(6,079,016)	(2,646,172)
Total net loss per common share, basic and diluted	\$ (0.79)	\$ (1.82)
Weighted-average number of shares outstanding, basic and diluted	<u>7,704,597</u>	<u>1,456,714</u>

Expenses

General and Administrative Expenses

General and administrative expenses increased from \$2.5 million for the three months ended March 31, 2025 to \$3.5 million for the three months ended March 31, 2026. This is primarily due to an increase in transaction service agreement fees of \$0.5 million as we paid our parent company for management services and \$0.7 million increase in payroll as we hired new employees and paid signing bonuses to executives, plus \$0.2 million increase in accounting fees, \$0.2 million increase in insurance expense, and \$0.3 million in legal fees, offset by a \$1.3 million decrease in investor relation expenses. The increase in general and administrative expenses is primarily a result of the deployment of the Company's change in strategy following the Faraday investment.

Sales and Marketing Costs

Sales and Marketing expenses increased from zero for the three months ended March 31, 2025, to approximately \$638,000 for the three months ended March 31, 2026. In 2026 we began marketing campaigns related to increasing brand awareness for its real-world asset tokenization and embodied AI Infrastructure activities. while in 2025 we were not marketing any products.

Research and Development Costs

Research and development expenses decreased from approximately \$33,000 for the three months ended March 31, 2025, to approximately \$5,000 for the three months ended March 31, 2026. This was primarily due to all research and development being slowed down in 2025 due to lack of funding, resulting in minimal expenses incurred in 2026.

Credit Loss Expense – Short-Term Note Receivable

Credit loss expense – short-term note receivable decreased from \$0.2 million for the three months ended March 31, 2025, to \$0.1 million for the three months ended March 31, 2026. The methodology used to Marizyme's credit allowance is based on the collectability of the receivable, and during the year ended December 31, 2025 a significant decrease in collectability assessed caused us to record significant increases to the credit allowance, so for the three months ended March 31, 2026, only a small adjustment was required due to interest being recorded on the outstanding balance.

Other Expense (Income), Net

Gain on Change in Fair Value of Warrant Liabilities

During the three months ended March 31, 2026 we experienced a \$0.1 million gain in other income due to the change in fair value of the warrant liabilities described above, compared to a gain of approximately \$39,000 during the three months ended March 31, 2025. This was primarily due to changes in our stock price and expiration of warrants during the prior period.

Gain on Change in Fair Value of Convertible Debt

During the three months ended March 31, 2026 we experienced an approximately \$10,000 gain on change in fair value of convertible debt as a result of repayment of the outstanding debt, compared to no change for the three months ended March 31, 2025. We did not hold any convertible debt in the period ended March 31, 2025.

Impairment of Intangible Assets

There was approximately \$183,000 in impairment of intangible assets during the three months ended March 31, 2026 compared to no impairment recorded during the three months ended March 31, 2025. During 2026 we wrote off some software development costs that had been capitalized, which did not occur in 2025.

Interest Income

There was \$0.3 million in interest income during the three months ended March 31, 2026 compared to \$0.1 million in interest income during the three months ended March 31, 2025. The increase was due to interest accrued on the Marizyme Notes, which increased significantly in the year ended December 31, 2025, as well as interest recorded on our money market accounts.

Interest Expense

There was \$1.0 million in interest expense during the three months ended March 31, 2025 compared to no interest expense recorded during the three months ended March 31, 2026. The promissory notes we held during the three months ended March 31, 2025 were repaid prior to the three months ended March 31, 2026.

Net Loss on Digital Assets

During the three months ended March 31, 2026 we experienced an approximately \$1.9 million loss on digital assets, compared to no change for the three months ended March 31, 2025. We did not hold any digital assets in the three months ended March 31, 2025.

Liquidity and Going Concern

Our financial position is weak. As of March 31, 2026, we had approximately \$6.2 million in cash and accounts payable of \$1.5 million. We are in arrears on accounts payable to important partners. We have incurred recurring losses from operations and have an accumulated deficit of \$146.1 million at March 31, 2026. We expect to continue to incur losses subsequent to the unaudited condensed consolidated balance sheet date of March 31, 2026. For the three months ended March 31, 2026 and the year ended December 31 2025, we used cash of \$4.5 million and \$7.0 million, respectively, in operations.

Our current liabilities at March 31, 2026 include approximately \$1.5 million of accounts payable, \$0.5 million of related party payables, approximately \$33,000 of accrued expenses and other current liabilities, and approximately \$72,000 in warrant liabilities.

We expect to continue to have net losses and negative cash flow from operations, which will challenge our liquidity. While we are establishing cryptocurrency treasury operations, it is newly established and there are no guarantees it will generate revenue. These factors raise substantial doubt regarding our ability to continue as a going concern for the one-year period following the date that the financial statements in this Annual Report were issued.

During the three months ended March 31, 2026, the Company fully repaid the remaining \$132,000 principal balance of the 2025 Convertible Note, resulting in no outstanding balance as of March 31, 2026, and paid \$10.0 million to Faraday pursuant to an entrusted investment agreement under which Gold King Arthur Holding Limited was engaged to acquire equity securities of Faraday. There were no financing activities during the three months ended March 31, 2026.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our common stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through third-party funding, commercialization, marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us.

The accompanying financial statements have been prepared assuming that we will continue as a going concern. The financial statements do not include any adjustments that would be necessary should we be unable to continue as a going concern, and therefore, be required to liquidate its assets and discharge its liabilities in other than the normal course of business and at amounts that may differ from those reflected in the accompanying financial statements.

Contractual Obligations and Commitments

We have no material contractual obligations that are not fully recorded on our unaudited condensed consolidated balance sheets or fully disclosed in the notes to the financial statements.

License and Sponsored Research Agreements

We have obligations under various license agreements to make future payments to third parties that become due and payable on the achievement of certain development, regulatory and commercial milestones (such as the start of a clinical trial, filing for product approval with the FDA or other regulatory agencies, product approval by the FDA or other regulatory agencies, product launch or product sales) or on the sublicense of our rights to another party. We have not included these commitments on our balance sheet because the achievement and timing of these events is not determinable. Certain milestones are in advance of receipt of revenue from the sale of products and, therefore, we may require additional debt or equity capital to make such payments.

In January 2022, we entered into a License Agreement with UCL Business Limited to obtain an exclusive worldwide in-license of a genomic quadruplex (G4)-selective transcription inhibitor drug development program which had been developed at University College London, including lead and back-up compounds, preclinical data and a patent estate. (UCL Business Limited is the commercialization company for University College London.) We are further developing the program's lead compound under the name QN-302, and this work is currently still underway. The License Agreement requires (if and when applicable) tiered royalty payments in the low to mid-single digits, clinical/regulatory/sales milestone payments, and sharing of a percentage of any non-royalty sublicensing consideration paid to the Company. In November 2023, we became obligated to pay \$100,000 to UCL Business Limited upon the first patient dosing of QN-302, which was paid in January 2024.

Marizyme

On April 11, 2024, we entered into a Co-Development Agreement with Marizyme, Inc. ("Marizyme"). Under the Co-Development Agreement (as amended on August 6, 2024), we agreed to pay Marizyme a Funding Payment of up to \$1,750,000 and an Exclusivity Fee of \$200,000. The Exclusivity Fee of \$200,000 and a Funding Payment of \$500,000 was paid to Marizyme on April 12, 2024. The Exclusivity Fee entitled us to an exclusivity period until May 31, 2024 for purposes of proposing and outlining a broader strategic relationship with Marizyme with regard to Marizyme's DuraGraft business. The Funding Payment is designed to provide financial support for commercialization of Marizyme's DuraGraft™ vascular conduit solution, which is indicated for adult patients undergoing coronary artery bypass grafting surgeries and is intended for the flushing and storage of the saphenous vein grafts used in coronary artery bypass grafting surgery. This work is still currently underway. In return for the Funding Payment we will receive quarterly a 33% payment in the nature of royalties on any Net Sales (as defined with a meaning tantamount to gross profit on net sales) of DuraGraft, capped at double the amount of the Funding Payment cash provided. No such payments-in-the-nature-of-royalties would accrue until after DuraGraft has been launched in the United States and a cumulative total of \$500,000 of DuraGraft Net Sales have been made in the United States.

Other Service Agreements

We enter into contracts in the normal course of business, including with clinical sites, contract research organizations, and other professional service providers for the conduct of clinical trials, contract manufacturers for the production of our product candidates, contract research service providers for preclinical research studies, professional consultants for expert advice and vendors for the sourcing of clinical and laboratory supplies and materials. These contracts generally provide for termination on notice, and therefore are cancelable contracts.

Cash Flows

The following table sets forth the significant sources and uses of cash for the periods set forth below:

	For the Three Months Ended March 31,	
	2026	2025
Net cash (used in) provided by:		
Operating activities	\$ (4,495,354)	\$ (1,589,396)
Investing activities	(8,504,232)	(305,000)
Financing activities	(132,000)	750,000
Net decrease in cash	<u>\$ (13,131,586)</u>	<u>\$ (1,144,396)</u>

Net Cash Used in Operating Activities

During the three months ended March 31, 2026, operating activities used \$4.5 million of cash, primarily resulting from a loss from continuing operations of \$6.1 million. Cash flows from operating activities for the three months ended March 31, 2026 were positively impacted by adjustments for a \$0.1 million provision for credit losses on short term notes receivable, \$1.9 million in losses on the change in fair market value of digital assets, \$0.2 million in impairment of intangible assets, \$0.3 million in payments made using digital assets, change in prepaid expenses and other assets of \$0.3 million, and changes in accounts payable of approximately \$0.2 million. Cash flows from operating activities for the three months ended March 31, 2026 were negatively impacted by adjustments for an approximately \$70,000 change in the fair value of warrant liabilities, accrued interest on short term notes receivable of \$0.2 million, change in accrued expenses and other liabilities of \$0.1 million, change in related party payables of \$1.2 million, and a gain on the change in fair value of convertible debt of approximately \$10,000.

During the three months ended March 31, 2025, operating activities used \$1.6 million of cash, primarily resulting from a loss from continuing operations of \$2.6 million. Cash flows from operating activities for the three months ended March 31, 2025 were positively impacted by adjustments for \$0.2 million change in provision for credit losses of short-term notes receivable, \$0.1 million in amortization of premium on notes payable, a decrease in prepaid expenses of \$0.9 million, and an increase in accrued expenses of \$0.1 million. Cash flows from operating activities for the three months ended March 31, 2025 were negatively impacted by adjustments for a \$39,000 gain on change in fair value of warrant liabilities, a \$0.1 million increase in accrued interest on short-term notes receivable, and a \$40,000 increase in accounts payable.

Net Cash Provided By Investing Activities

During the three months ended March 31, 2026, net cash used investing activities was approximately \$8.5 million resulting from the purchase of intangible assets of \$0.3 million, prepayments for the purchase of managed assets of \$10.0 million, and purchases of digital assets of \$0.3 million, offset by \$2.1 million in proceeds from the sale of digital assets.

During the three months ended March 31, 2025, net cash used in investing activities resulted from advances to Marizyme of \$0.3 million.

Net Cash Provided by Financing Activities

Net cash used in financing activities for the three months ended March 31, 2026 was \$132,000, all of which resulted from the repayment of convertible debt.

Net cash provided by financing activities for the three months ended March 31, 2025 was \$0.8 million, all of which resulted from the issuance of short term debt.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures designed to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

With the participation of our principal executive officer and principal financial officer, management evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 31, 2026. Based on this evaluation, management concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of that date.

Management identified the following material weaknesses:

- An insufficient number of accounting personnel to adequately segregate duties.
- Lack of designed and implemented effective Information Technology General Controls ("ITGC") related to access controls for our financial accounting system.
- Absence of formalized documentation of processes and controls that could be evaluated for proper design and implementation.

Due to resource constraints, we are currently unable to employ additional personnel to remediate these material weaknesses. We do not expect remediation until we obtain additional funding to strengthen our accounting department.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On June 27, 2025, our Co-Chief Executive Officer, Jiawei (Jerry) Wang, received a “Wells Notice” from the staff of the Securities and Exchange Commission (the “SEC”). Subsequently, on June 30, 2025, Mr. YT Jia, who has been appointed as our Chief Advisor, also received a Wells Notice from the SEC.

The notices state that the SEC staff has made a preliminary determination to recommend filing an enforcement action against Mr. Wang and Mr. Jia in their individual capacities. The alleged violations involve various anti-fraud provisions of the federal securities laws pertaining to purported false or misleading statements in connection with Faraday Future Intelligent Electric Inc.’s 2021 PIPE and SPAC listing, relating to (i) related party transactions, and (ii) Mr. Jia’s role.

The staff’s recommendation for an enforcement action may seek an injunction or cease-and-desist order, civil monetary penalties, disgorgement, or other equitable relief. The SEC may also seek a formal bar preventing Mr. Wang and Mr. Jia from serving as an officer or director of a public company.

A Wells Notice is neither a formal charge of wrongdoing nor a final determination that the recipient has violated any law. It is a preliminary determination by the SEC staff to recommend to the Commissioners of the SEC that a civil enforcement action or administrative proceeding be brought. If the SEC determines to seek an enforcement action, it must proceed through a formal legal process, during which the individuals could defend themselves.

In September 2025, both Mr. Wang and Mr. Jia submitted formal responses to the SEC outlining why they believed an enforcement action is unwarranted. On March 18, 2026, the SEC’s Division of Enforcement issued letters directly to Faraday Future Intelligent Electric, Inc., Mr. Wang and Mr. Jia stating that it does not intend to recommend an enforcement action. The Division of Enforcement noted that the letters must in no way be construed as indicating that the party has been exonerated or that no action may ultimately result from the staff’s investigation.

ITEM 1A. RISK FACTORS

The Company’s business, reputation, results of operations and financial condition, as well as the price of its stock, can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025 under the heading “Risk Factors.” When any one or more of these risks materialize, the Company’s business, reputation, results of operations and financial condition, as well as the price of its stock, can be materially and adversely affected.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the three months ended March 31, 2026, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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 (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

May 11, 2026

AIXCRYPTO HOLDINGS, INC.

By: /s/ Kevin Richardson II
Name: Kevin Richardson II
Title: Co Chief Executive Officer and Director (Principal Executive Officer)

By: /s/ Koti Meka
Name: Koti Meka
Title: Chief Financial Officer and Director (Principal Financial and Accounting Officer)

By: /s/ Jerry Wang
Name: Jerry Wang
Title: Co Chief Executive Officer (Principal Executive Officer)

CERTIFICATIONS

I, Kevin Richardson II, certify that:

1. I have reviewed this Form 10-Q of AIXCrypto 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kevin Richardson II

Kevin Richardson II
Co Chief Executive Officer and Director
(Principal Executive Officer)

I, Jerry Wang, certify that:

1. I have reviewed this Form 10-Q of AIxCrypto 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jerry Wang

Jerry Wang
Co Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2026

Date: May 11, 2026

I, Koti Meka, certify that:

1. I have reviewed this Form 10-Q of AIXCrypto 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Koti Meka

Koti Meka
Chief Financial Officer and Director
(Principal Financial Officer)

Certification Pursuant to 18 U.S.C. Section 1350

In connection with the Quarterly Report of AIXCrypto Holdings, Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2026, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Kevin Richardson II, Co Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Kevin Richardson II

Kevin Richardson II
Co Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 11, 2026

In connection with the Quarterly Report of AIxCrypto Holdings, Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2026, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Jerry Wang, Co Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Jerry Wang

Jerry Wang
Co Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2026

Certification Pursuant to 18 U.S.C. Section 1350

In connection with the Quarterly Report of AIxCrypto Holdings, Inc. (the "Company") on Form 10-Q for the three months ended March 31, 2026, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Koti Meka, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Koti Meka

Koti Meka
Chief Financial Officer and Director
(Principal Financial Officer)

Date: May 11, 2026
