UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2025

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

For the transition period from _____ to _____

Commission File Number 001-41705

Azitra, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4478536**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

21 Business Park Drive
Branford, CT 06405
(Address of principal executive offices and zip code)

(203)-646-6446
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock: Par value $0.0001	AZTR	NYSE American, 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 (Section 232.405 of this chapter) during the preceding 12 months (or 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

The number of shares of the registrant's common stock outstanding as of August 11, 2025 was 23,476,354.

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements.

AZITRA, INC.

CONDENSED BALANCE SHEETS

	June 30, 2025	December 31, 2024
ASSETS	**(Unaudited)**	
Current assets:		
Cash and cash equivalents	$ 1,045,730	$ 4,554,719
Accounts receivable	—	233
Tax credits receivable	78,407	101,663
Deferred offering costs	—	4,106
Prepaid expenses	675,553	567,569
Total current assets	**1,799,690**	**5,228,290**
Property and equipment, net	601,504	653,957
Financing lease right-of-use asset	16,782	24,522
Operating lease right-of-use asset	552,032	527,393
Intangible assets, net	258,665	246,420
Deferred patent costs	644,505	593,802
Deferred issuance costs	35,435	37,477
Other assets	47,409	46,941
Total assets	**$ 3,956,022**	**$ 7,358,802**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	635,842	490,255
Income tax payable	—	11,572
Current financing lease liability	16,854	16,066
Current operating lease liability	286,499	255,177
Accrued expenses	513,166	602,787
Total current liabilities	**1,452,361**	**1,375,857**
Long-term financing lease liability	1,479	10,105
Long-term operating lease liability	273,027	274,161
Warrant liability	184	381
Total liabilities	**1,727,051**	**1,660,504**
Commitments and contingencies (Note 11)		

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

AZITRA, INC.

CONDENSED BALANCE SHEETS

Stockholders' equity		
Preferred stock; $0.0001 par value; 10,000,000 shares authorized at June 30, 2025 and December 31, 2024; 0 shares issued at June 30, 2025 and December 31, 2024	—	—
Common stock; $0.0001 par value, 100,000,000 shares authorized at June 30, 2025 and December 31, 2024, 17,976,354 and 7,626,056 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	1,798	763
Additional paid-in capital	65,750,337	63,263,360
Accumulated deficit	(63,523,164)	(57,565,825)
Total stockholders' equity	**2,228,971**	**5,698,298**
Total liabilities and stockholders' equity	**$ 3,956,022**	**$ 7,358,802**

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

AZITRA, INC.

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	For the Three Months June 30, 2025	For the Three Months June 30, 2024	For the Six Months June 30, 2025	For the Six Months June 30, 2024
Service revenue - related party	$ —	$ 7,500	$ —	$ 7,500
Total revenue	—	7,500	—	7,500
Operating expenses:				
General and administrative	1,469,513	1,549,228	$ 3,319,651	$ 3,037,755
Research and development	1,401,839	1,118,552	2,651,939	2,591,522
Total operating expenses	2,871,352	2,667,780	5,971,590	5,629,277
Loss from operations	(2,871,352)	(2,660,280)	(5,971,590)	(5,621,777)
Other income (expense):				
Interest income	15,461	16,268	52,625	23,877
Interest expense	(468)	(1,782)	(1,761)	(2,697)
Change in fair value of warrants	54	4,272	197	32,527
Other income (expense)	(32,688)	9,529	(36,809)	3,202
Total other income (expense)	(17,641)	28,287	14,252	56,909
Loss before income taxes	(2,888,993)	(2,631,993)	(5,957,338)	(5,564,868)
Income tax expense	—	—	—	—
Net loss attributable to common shareholders	$ (2,888,993)	$ (2,631,993)	$ (5,957,338)	$ (5,564,868)
Net loss per share, basic and diluted	$ (0.18)	$ (2.74)	$ (0.40)	$ (6.82)
Weighted average common stock outstanding, basic and diluted	16,279,574	960,146	14,734,131	816,450

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

AZITRA, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

	Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance - December 31, 2023	**—**	**$ —**	**403,246**	**$ 40**	**$51,511,439**	**$(48,598,333)**	**$ 2,913,146**
Exercise of stock options	—	—	1,333	—	19,100	—	19,100
Follow-on public offering, net of issuance costs of $709,426	—	—	555,567	56	4,290,618	—	4,290,674
Stock-based compensation	—	—	—	—	34,171	—	34,171
Net loss	—	—	—	—	—	(2,932,875)	(2,932,875)
Balance, March 31, 2024	—	$ —	960,146	$ 96	$55,855,328	$(51,531,208)	$ 4,324,216
Follow-on public offering issuance costs adjustment	—	—	—	—	(227)	—	(227)
Stock-based compensation	—	—	—	—	34,170	—	34,170
Net loss	—	—		—		(2,631,993)	(2,631,993)
Balance, June 30, 2024	—	—	**960,146**	**$ 96**	**$55,889,271**	**$(54,163,201)**	**$ 1,726,166**

	Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance - December 31, 2024	**—**	**$ —**	**7,626,056**	**$ 763**	**$63,263,360**	**$(57,565,825)**	**$ 5,698,298**
Follow-on public offering, net of issuance costs of $269,948	—	—	4,857,780	486	1,185,807	—	1,186,293
Follow-on public offering, net of issuance costs of $133,076	—	—	2,495,518	249	560,727	—	560,976
Stock-based compensation	—	—	—	—	30,402	—	30,402
Net loss	—	—	—	—	—	(3,068,345)	(3,068,345)
Balance, March 31, 2025	—	$ —	14,979,354	$ 1,498	$65,040,298	$(60,634,171)	$ 4,407,625
Draws on equity line of credit, net of issuance costs of $79,985	—	—	2,997,000	300	694,008	—	694,308
Stock-based compensation	—	—	—	—	16,031	—	16,031
Net loss	—	—	—	—	—	(2,888,993)	(2,888,993)
Balance, June 30, 2025	**—**	**—**	**17,976,354**	**$ 1,798**	**$65,750,337**	**$(63,523,164)**	**$ 2,228,971**

Amounts in the Condensed Statements of Changes in Stockholders' may not foot due to rounding

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

AZITRA, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (5,957,338)	$ (5,564,868)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	68,293	64,953
Loss on lease modification	7,726	—
Amortization of right-of-use assets	159,746	163,901
Change in foreign currency rates on remeasurement of Canadian fixed assets	—	(8,526)
Stock based compensation	46,433	68,341
Change in fair value of warrant liability	(197)	(32,527)
Gain on disposal of property and equipment	(1,175)	—
Changes in operating assets and liabilities:		
Accounts receivable	233	97,130
Prepaid expenses	(107,984)	70,238
Other assets	(468)	356
Tax credits receivable	23,256	21,848
Income tax payable/receivable	(11,572)	(7,399)
Accounts payable and accrued expenses	40,432	160,763
Operating lease liability	(154,183)	(156,165)
Net cash used in operating activities	(5,886,798)	(5,121,955)
Cash flows from investing activities:		
Purchases of property and equipment	(11,601)	—
Proceeds from sale of property and equipment	3,153	—
Deferred patent costs	(49,525)	(155,826)
Net cash used in investing activities	(57,973)	(155,826)
Cash flows from financing activities		
Payment of deferred offering/issuance costs	—	(17,550)
Principal payments on finance leases	(7,838)	(7,123)
Proceeds from public offerings, net	1,749,312	4,290,447
Proceeds from equity line of credit, net	694,308	—
Proceeds from exercise of stock options	—	19,100
Net cash provided by financing activities	2,435,782	4,284,874
Net change in cash and cash equivalents	(3,508,989)	(992,907)
Cash and cash equivalents at beginning of period	4,554,719	1,795,989
Cash and cash equivalents at end of period	$ 1,045,730	$ 803,082
Supplemental disclosure of non-cash investing and financing information:		
Deferred issuance/offering costs	$ —	$ 56,959

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

1. Organization and Nature of Operations

Azitra, Inc. (the "Company") was founded on January 2, 2014. It is a synthetic biology company focused on screening and genetically engineering microbes of the skin. The mission is to discover and develop novel therapeutics to create a new paradigm for treating skin disease. The Company's discovery platform is screened for naturally occurring bacterial cells with beneficial effects. These microbes are then genomically sequenced and engineered to make cellular therapies, recombinant therapeutic proteins, peptides and small molecules for precision treatment of dermatology diseases. On May 17, 2023, the Company changed its name to from "Azitra Inc" to "Azitra, Inc."

In addition to our corporate headquarters located in Branford, Connecticut, the Company maintains a location in Montreal, Canada for certain research activities. The Company also opened a manufacturing and laboratory space in Groton, Connecticut during 2021.

Stock Splits, Change in Par Value, Increase in Shares Authorized, and Initial and Follow-on Public Offerings

In June 2023, the Company completed its initial public offering (IPO) in which it issued and sold 50,000 shares of its common stock at a price to the public of $150.00 per share. The shares began trading on the NYSE American on June 16, 2023 under the symbol "AZTR". The net proceeds received by the Company from the offering were $6.0 million, after deducting underwriting discounts, commissions and other offering expenses.

Immediately prior to the effectiveness of the Company's registration statement, the Company effected a 7.1-for-1 forward stock split (the "Forward Stock Split") of its issued and outstanding shares of common stock (the Forward Stock Split). On May 17, 2023, the Company changed the par value of its capital stock from $0.01 to $0.0001. Accordingly, all share and per share amounts for all periods presented in the accompanying unaudited condensed financial statements and notes thereto have been adjusted retroactively, unless otherwise noted, to reflect the effect of the Forward Stock Split. Refer to Note 6 for additional details relating to the Forward Stock Split.

In February 2024, the Company completed a follow-on public offering (the "February 2024 Offering") in which it issued and sold 555,567 shares of its common stock at a price to the public of $9.00 per share. The net proceeds received by the Company from the follow-on public offering were $4.3 million, after deducting underwriting discounts, commissions and other offering expenses. For further information regarding the February 2024 Offering and related warrant issuance, refer to Notes 6 and 7, respectively.

On July 1, 2024, the Company effected a 30-for-1 reverse stock split of its issued and outstanding shares of common stock (the "Reverse Stock Split") and began trading on a split-adjusted basis the same day. There was no change in par value. Accordingly, all share and per share amounts for all periods presented in the accompanying unaudited condensed financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the effect of the Reverse Stock Split. Refer to Note 6 for additional details relating to the Reverse Stock Split.

In July 2024, the Company completed a follow-on public offering (the "July 2024 Offering") in which it issued and sold 6,665,000 shares of its common stock at a price of $1.50 per share and Class A Warrants exercisable for an aggregate 13,330,000 shares of common stock. The net proceeds received by the Company from the follow-on public offering were $9.1 million, after deducting placement agent's fees and other offering expenses. For further information regarding the July 2024 Offering and related warrant issuance, refer to Notes 6 and 7, respectively.

In January 2025, the Company completed a follow-on offering (the "January 2025 Offering") in which it issued and sold 4,857,780 shares of its common stock at a price of $0.30 per share. The net proceeds received by the Company from the follow-on offering were $1.2 million, after deducting placement agent's fees and other offering expenses. The shares were offered by the Company pursuant to a shelf registration statement on Form S-3 filed with the SEC on July 1, 2024, and a final prospectus supplement dated January 15, 2025. For further information regarding the January 2025 Offering, refer to Notes 6 and 7 respectively.

In February 2025, the Company completed a follow-on offering (the "February 2025 Offering") in which it issued 2,495,518 shares of its common stock at a public offering price of $0.28 per share and warrants to purchase up to 2,245,968 shares of common stock at an exercise price of $0.54. The net proceeds received by the Company from the follow-on offering were $560,976 after deducting placement agent's fees and other offering expenses. The shares were offered by the Company pursuant to a shelf registration statement

on Form S-3 filed with the SEC on July 1, 2024, and a final prospectus supplement dated February 6, 2025. For further information regarding the February 2025 Offering and related warrant issuance, refer to Notes 6 and 7, respectively.

At a special meeting of stockholders on February 20, 2025, our stockholders approved a further reverse split of our common stock at a specific ratio, ranging from one-for-two (1:2) to one-for-seven (1:7), with the exact ratio within such range and the timing of any such reverse split to be determined by our Board.

As of the date of this filing, our Board is still evaluating the need for a further reverse split and, if needed, the exact split ratio based on our financing alternatives and NYSE American compliance considerations. Our financial statements will not reflect the further reverse stock split until such time as it occurs.

On April 24, 2025, the Company entered into an Equity Line of Credit ("ELOC") with Alumni Capital LP ("Alumni Capital"), whereby the Company has the right, but not the obligation, to sell to Alumni Capital, and Alumni Capital is obligated to purchase, up to an aggregate of $20 million of shares of the Company's common stock in a series of purchases. Upon each purchase, Alumni Capital will receive warrants to purchase shares of the Company's common stock equal to 10% of the number of shares purchased in the related purchase. For further information regarding the ELOC, refer to Notes 6 and 7 respectively.

Under the terms of the ELOC, the Company has issued 8,497,000 shares of common stock, of which 5,500,000 shares were issued subsequent to June 30, 2025, and issued 759,700 warrants, of which 460,000 warrants were issued subsequent to June 30, 2025. The gross proceeds received by the Company under the ELOC were $1.7 million. As of August 11, 2025, $18.3 million is available under the ELOC for future share issuances.

In July 2025, the Company amended and restated its Certificated of Incorporation increasing the number of authorized shares from 100,000,000 to 200,000,000.

Going Concern Matters

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future, and which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, management has identified the following conditions and events that created an uncertainty about the ability of the Company to continue as a going concern. As of and for the period ended June 30, 2025, the Company has an accumulated deficit of $63.5 million, a loss from operations of $6.0 million, used $5.9 million to fund operations and had $0.3 million of working capital. These factors among others raise substantial doubt about the Company’s ability to continue as a going concern.

The Company will require a significant amount of additional funds to complete the development of its product and to fund additional losses which the Company expects to incur over the next few years. The Company is still in its pre-commercialization phase and therefore does not yet have product revenue. Management plans to continue to raise funds through equity and/or debt financing to fund operating and working capital needs, however, there can be no assurance that the Company will be successful in securing additional financing, if needed, to meet its operating needs.

These conditions and events create substantial doubt about the ability of the Company to continue as a going concern for twelve months from the date that the financial statements are available to be issued. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Company are prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”). Certain amounts in the condensed financial statements and associated notes may not add up due to rounding.Certain amounts in the consolidated financial statements and associated notes may not add up due to rounding.

Unaudited Interim Financial Information

The unaudited interim financial statements and related notes have been prepared in accordance with U.S. GAAP for interim financial information, within the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). Certain information and disclosures normally included in the annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The unaudited interim financial statements have been prepared on a basis consistent with the audited financial statements and in the opinion of management, reflect all adjustments, consisting of only normal

recurring adjustments, necessary for the fair presentation of the results for the interim periods presented and of the financial condition as of the date of the interim balance sheet. The financial data and the other information disclosed in these notes to the interim financial statements related to the three months and six months are unaudited. Unaudited interim results are not necessarily indicative of the results for the full fiscal year. These unaudited interim financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2024, and notes thereto that are included in the Company's Annual Report on Form 10-K, as filed with the SEC on February 24, 2025.

Use of Estimates

The preparation of the financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. While management believes the estimates and assumptions used in the preparation of the financial statement are appropriate, actual results could differ from those estimates. The most significant estimates in the Company's condensed financial statements relate to accruals for research and development expenses, valuation of warrants and valuation of equity awards. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources.

Concentration of Credit Risks and other Risks and Uncertainties

Financial instruments, which potentially subject the Company to significant concentrations of risk, consist principally of cash and cash equivalents. The Company's cash is deposited with a federally insured U.S. financial institution. The Company has no off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts or other hedging arrangements.

The Company is dependent on contract research organizations ("CRO") to conduct, and manage our on-going clinical trials, and contract manufacturing organizations ("CMO") to supply products for research and development of its product candidates, including preclinical and clinical studies, and for commercialization of its product candidates, if approved. The Company's development programs could be adversely affected by any significant interruption in either the CRO's or the CMO's operations or by a significant interruption in the supply of active pharmaceutical ingredients and other components.

Products developed by the Company require approval from the U.S. Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance the Company's product candidates will receive the necessary approvals. If the Company is denied approvals, approvals are delayed, or the Company is unable to maintain approvals received, such events could have a materially adverse impact on the Company.

The Company's activities are subject to significant risks and uncertainties including the risk of failure to secure additional funding to properly execute the Company's business plan. The Company is subject to risks that are common to companies in the pharmaceutical industry, including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, reliance on third party manufacturers, protection of proprietary technology, and compliance with regulatory requirements.

Segment Information

The Company operates and manages its business as one operating segment, which is to discover and develop novel therapeutics to create a new paradigm for treating skin diseases. The Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), reviews financial information on an aggregate basis, along with cash balances for purposes of allocating resources and evaluating performance. For additional segment disclosures, see Note 15.

Deferred Offering and Deferred Issuance Costs

The Company capitalizes deferred offering costs, which primarily consists of direct, incremental legal, professional, accounting, and other third-party fees relating to the Company's public offering initiatives associated with the filing of an S-1 Registration Statement. Once the Company completes the public offering, the Company records these amounts against the gross proceeds of these public offerings within the statements of stockholders' equity.

In July 2024, the Company also filed a Form S-3 Registration Statement and recorded deferred issuance costs as a long-term asset. As shares are issued against the Form S-3 Registration Statement, the Company will record these amounts on a pro-rata basis against the gross proceeds within the statements of stockholders' equity. Additional issuance costs associated with the shares will also be recorded against the gross proceeds within the statements of stockholders' equity.

Leases

The Company elected to account for non-lease components as part of the lease component to which they relate. Lease accounting involves significant judgments, including making estimates related to the lease term, lease payments, and discount rate. In accordance with the guidance, the Company recognized ROU assets and lease liabilities for all leases with a term greater than 12 months. Leases are classified as either operating or financing leases based on the economic substance of the agreement.

The Company has 3 operating leases for buildings with a ROU asset and lease liability totaling $1,418,502. The basis, terms and conditions of the leases are determined by the individual agreements. The Company's option to extend certain leases ranges from 36 – 52 months. All options to extend have been included in the calculation of the ROU asset and lease liability. The leases do not contain residual value guarantees, restrictions, or covenants that could incur additional financial obligations to the Company. There are no subleases, sale-leaseback, or related party transactions.

At June 30, 2025, the Company had operating right-of-use assets with a net value of $552,032 and current and long-term operating lease liabilities of $286,499 and $273,027, respectively.

In 2023, the Company entered into a lease for the use of certain equipment that is classified as a finance lease. The finance lease has a term of 36 months. At June 30, 2025, the Company had financing right-of-use assets with a net value of $16,782 and current and long-term operating lease liabilities of $16,854 and $1,479, respectively.

Deferred Patent Costs

Deferred patent costs represent legal and filing expenses incurred related to the submission of patent applications for patents pending approval. These deferred costs will be reclassed to intangible assets and begin to be amortized over their estimated useful lives upon the formal approval of the patent. If the patent is not issued, the costs associated with the patent will be expensed in the year the patent was rejected. Deferred patent costs are reviewed for impairment at each reporting period. The costs associated with any impairment are expensed in the period the deferred patent costs are determined to be impaired.

Research and Development

The Company accounts for research and development costs in accordance with Accounting Standards Codification (ASC) subtopic 730-10, *Research and Development*. Accordingly, research and development costs are expensed as incurred. Research and development costs consist of costs related to labor, materials and supplies, as well as fees paid to consultants, external research fees. Research and development costs incurred were 1,401,839 and 2,651,939 for the three and six months ended June 30, 2025, respectively. Research and development costs were $1,118,552 and $2,591,522 for the three and six months ended June 30, 2024, respectively.

At June 30, 2025 and December 31, 2024, the Company had state tax credit receivables of $65,676 for pending refunds related to the selling of research and development tax credits back to the State of Connecticut. At June 30, 2025 and December 31, 2024, the Company had recorded $0 and $27,666, respectively, for pending refunds related to Canadian Scientific Research and Experimental Development (SRED) credits. At June 30, 2025 and December 31, 2024, the Company had recorded $12,731 and $8,321, respectively, related to refunds of Canadian Goods and Services Tax (GST) and Quebec Sales Tax (QST). Receipts of refunds are recorded in research and development on the statements of operations.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement: Reporting Comprehensive Income— Expense* Disaggregation *Disclosures*, which requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the income statement, as well as disclosures about selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its condensed financial statements disclosures.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

3. Property and Equipment

Property and equipment consisted of the following at:

	June 30, 2025	December 31, 2024
Laboratory equipment	$ 1,081,632	$ 1,070,032
Computers and office equipment	30,825	30,825
Furniture and fixtures	20,164	24,316
Leasehold improvements	28,855	28,855
Building equipment	14,932	14,932
Total property and equipment	1,176,408	1,168,960
Less accumulated depreciation & amortization	(574,904)	(515,003)
Total property and equipment, net	$ 601,504	$ 653,957

Depreciation and amortization expense was $31,109 and $62,076 for the three and six months ended June 30, 2025, respectively. Depreciation and amortization expense was $29,935 and $59,870 for the three and six months ended June 30, 2024, respectively.

Fixed assets are reviewed for impairment each reporting period. For the three and six months ended June 30, 2025 there was $0 and $1,175 of gain on disposal of property and equipment recorded, respectively. For the three and six months ended June 30, 2024 there was no gain or loss on disposal of property and equipment recorded.

4. Intangible Assets

Intangible assets consisted of the following at:

June 30, 2025:

	Estimated Useful Life	Gross Amount	Accumulated Amortization	Impairment	Net Amount
Trademarks	Indefinite	$ 60,244	$ —	$ —	$ 60,244
Patents	17 years	231,584	33,163	—	198,421
Intangible assets		$ 291,828	$ 33,163	$ —	$ 258,665

December 31, 2024:

	Estimated Useful Life	Gross Amount	Accumulated Amortization	Impairment	Net Amount
Trademarks	Indefinite	$ 60,244	$ —	$ —	$ 60,244
Patents	17 years	213,122	26,946	—	186,176
Intangible assets		$ 273,366	$ 26,946	$ —	$ 246,420

During the three and six months ended June 30, 2025, amortization expense related to intangible assets was $3,127 and $6,217, respectively. During the three and six months ended June 30, 2024, amortization expense related to intangible assets was $2,571 and $5,082, respectively.

5. Accrued Expenses

Accrued expenses consisted of the following at:

	June 30, 2025	December 31, 2024
Employee payroll and bonuses	$ 289,055	$ 410,781
Vacation	78,641	32,969
Research and development projects	55,105	75,047
Professional fees	84,089	82,762
Other	6,276	1,228
Total accrued expenses	$ 513,166	$ 602,787

6. Stockholders' Equity

On May 17, 2023, the Company effected a 7.1-for-1 Forward Stock Split of its issued and outstanding shares of common stock and a proportional adjustment to the existing conversion ratios for each series of the Company's preferred stock. The par value of the common stock was adjusted as a result of the Forward Stock Split from $0.01 to $0.0001 and the authorized shares were increased to 100,000,000 shares of common stock in connection with the Forward Stock Split. In lieu of any fractional shares issued as a result of the split the Company paid a cash amount to the holder of such fractional share. The accompanying financial statements and notes to the financial statements give retroactive effect to the Forward Stock Split for all periods presented. Shares of common stock underlying outstanding stock-based awards and other equity instruments were proportionately increased and the respective per share value and exercise prices, if applicable, were proportionately decreased in accordance with the terms of the agreements governing such securities.

On February 16, 2024, the Company completed a follow-on offering of an aggregate of 555,567 shares of its common stock at a public offering price of $9.00 per share. The gross proceeds from the offering, before deducting the placement agent's fees and other offering expenses, were approximately $5.0 million.

As consideration for ThinkEquity LLC serving as the placement agent for the offering (the "Placement Agent"), the Company paid the Placement Agent a cash fee of 7.5% of the aggregate gross proceeds of the Offering and reimbursed the Placement Agent for certain expenses, legal fees for a total of $537,559, and issued Placement Agent Warrants to designees to the Placement Agent.

On July 1, 2024, the Company effected a 30-for-1 Reverse Stock Split of its issued and outstanding shares of common stock and began trading on a split-adjusted basis the same day. There was no change to the par value of the common stock. In lieu of any fractional shares issued as a result of the split the Company paid a cash amount to the holder of such fractional share. The accompanying financial statements and notes to the financial statements give retroactive effect to the Reverse Stock Split for all periods presented unless otherwise noted. Shares of common stock underlying outstanding stock-based awards and other equity instruments were proportionately decreased and the respective per share value and exercise prices, if applicable, were proportionately increased in accordance with the terms of the agreements governing such securities.

On July 25, 2024, the Company completed a follow-on offering of an aggregate of 6,665,000 shares of its common stock and Class A warrants to purchase 13,330,000 shares of common stock, at a combined public offering price of $1.50. The Class A warrant had an initial exercise price of $1.50 per share, are exercisable immediately upon issuance, and will expire on the fifth anniversary of the original issuance date. However, if on the date that was 30 calendar days immediately following the date of issuance of the Class A Warrants, or August 24, 2024 (the "Reset Date"), the Reset Price, as defined below, was less than the exercise price at such time, the exercise price would be decreased to the Reset Price. "Reset Price" is defined as 100% of the trailing five-day VWAP immediately preceding the Reset Date, provided, that in no event would the Reset Price be less than $0.32 (subject to adjustment for reverse and forward stock splits, recapitalizations and similar transactions), which represented 20% of the most recent closing price for the Common Stock at the time of execution of the placement agent agreement with respect to the offering. The Reset Price of the Class A

Warrants as calculated on the Reset Date was $0.7043. The number of shares of Common Stock issuable upon exercise of the Class A Warrants has not been proportionately adjusted due to the reset of the exercise price.

In consideration for Maxim Group LLC serving as the placement agent of the offering (the “Placement Agent”), the Company paid the Placement Agent a cash fee equal to 7% of the aggregate gross proceeds of the Offering, reimbursed the Placement Agent for certain expenses and legal fees for a total of $809,825, and issued Placement Agent Warrants.

The gross proceeds from the offering, before deducting the placement agent’s fees and other offering expenses, were approximately $10.0 million.

On January 14, 2025, the Company completed a follow-on offering in which it issued and sold 4,857,780 shares of its common stock at a price of $0.30 per share. The net proceeds received by the Company from the follow-on offering were $1.2 million, after deducting underwriting discounts, commissions and other offering expenses. The shares were offered by the Company pursuant to a shelf registration statement on Form S-3 filed with the SEC on July 1, 2024, and a final prospectus supplement dated January15, 2025.

In consideration for Maxim Group LLC serving as the placement of the Offering (the "Placement Agent"), the Company paid the Placement Agent a cash fee equal to 7.0% of the aggregate gross proceeds raised in the Offering and the reimbursed the Placement Agent for certain expenses and legal fees of $60,000. The Company also issued warrants to designees of the Placement Agent (the "Placement Agent Warrants").

On February 5, 2025, the Company completed a follow-on offering in which it issued 2,495,518 shares of its common stock at a public offering price of $0.2785 per share and warrants to purchase up to 2,245,968 shares of common stock. The net proceeds received by the Company from the follow-on offering were $561 thousand after deducting placement agent's fees and other offering expenses. The shares were offered by the Company pursuant to a shelf registration statement on Form S-3 filed with the SEC on July 1, 2024, and a final prospectus supplement dated February 6, 2025.

In consideration for Maxim Group LLC serving as the placement of the Offering (the "Placement Agent"), the Company paid the Placement Agent a cash fee equal to 4.0% of the aggregate gross proceeds raised in the Offering, reimbursed the Placement Agent for certain expenses and legal fees of $35,000, and issued Placement Agent Warrants.

On April 24, 2025, the Company entered into an ELOC with Alumni Capital, whereby the Company has the right, but not the obligation, to sell to Alumni Capital, and Alumni Capital is obligated to purchase, up to an aggregate of $20 million of shares of the Company’s common stock in a series of purchases. The term of the ELOC is through December 31, 2026, or the date on which Alumni Capital shall have purchased the Shares pursuant to the ELOC for an aggregate purchase price. During the term, the Company may at its election cause Alumni Capital to make a series of purchases of Shares, each up to $750,000, or up to $4 million dollars upon consent of Alumni Capital. The closing of each purchase pursuant to the ELOC will be no later than five business days after the Company provides a notice to Alumni Capital. The purchase price of the Shares that the Company elects to sell to Alumni Capital pursuant to the ELOC will be equal to the lowest daily volume weighted average price of the Common Stock during the period commencing on the date that the Company delivers a notice requiring the purchase of Shares by Alumni Capital and ending on the earlier to occur of (i) five (5) business days immediately following such date and (ii) the date on which Alumni Capital notifies the Company that it is prepared to proceed with the relevant closing, multiplied by 90%. Refer to Note 7 regarding the terms of the warrants issued in conjunction with the Shares.

Under the terms of the ELOC, the Company has issued 8,497,000 shares of common stock, of which 5,500,000 shares were issued subsequent to June 30, 2025. and issued 759,700 warrants, of which 460,000 warrants were issued subsequent to June 30, 2025. The gross proceeds received by the Company under the ELOC were $1.7 million.

Common Stock

At June 30, 2025 and December 31, 2024, per the Company’s amended and restated Certificate of Incorporation, the Company was authorized to issue 100,000,000 shares of $0.0001 par value common stock. In July 2025, the Company amended and restated its Certificate of Incorporation to increase the number of authorized shares from 100,000,000 to 200,000,000.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company’s stockholders.

The Company currently has 16,410,201 shares of common stock reserved for future issuance for the potential exercise of stock options and warrants outstanding at June 30, 2025.

Except as otherwise indicated, all share and share price amounts in this report gives effect to a forward stock split effected on May 17, 2023 at a ratio of 7.1-for-1, and the reverse stock split effected on July 1, 2024 at a ratio of 1-for-30. At a special meeting of stockholders on February 20, 2025, our stockholders approved a further reverse split of our common stock at a specific ratio, ranging

from one-for-two (1:2) to one-for-seven (1:7), with the exact ratio within such range and the timing of any such reverse split to be determined by our Board.

As of the date of this filing, our Board is still evaluating the need for a further reverse split and, if needed, the exact split ratio based on our financing alternatives and NYSE American compliance considerations. Our financial statements will not reflect the further reverse stock split until such time as it occurs.

Preferred Stock

At June 30, 2025 and December 31, 2024, per the Company's amended and restated Certificate of Incorporation, the Company has authorized 10,000,000 shares of $0.0001 par value preferred stock.

Upon the close of the Company's IPO in June 2023, all of the then outstanding preferred stock converted to common stock, resulting in the issuance of shares of common stock in exchange for outstanding Series A (48,608 shares), Series A-1 (98,828 shares), and Series B Preferred Stock (109,485 shares), respectively. There was no gain or loss upon conversion.

7. Warrants

The Company issued warrants to purchase 1,596 shares of common stock in 2018 in conjunction with convertible debt financing that have a redemption provision providing the holder the right to have the Company redeem all or any portion of the warrant (or shares it has converted into) at a purchase price equal to the fair market value of the shares as determined by the board of directors or an independent appraiser. As a result of this redemption provision, the warrants have been classified as a liability in the financial statements based on ASC 480. These warrants have an exercise price of $14.40 per share and a term of 10 years. The warrants are marked to market each reporting period. The fair value was $184 and $381 at June 30, 2025 and December 31, 2024, respectively.

The Company issued 2,000 warrants to its underwriters as part of our initial public offering in fiscal 2023. In fiscal 2024, the Company issued an additional 22,223 warrants in February, and 266,600 warrants in July to its underwriters as part of our February, and July Offerings. The underwriter warrants have a term of 5 years.

In connection with the February 2024 Offering, the Company also issued warrants to designees to the placement agent exercisable for an aggregate of 22,223 shares of Common Stock at an exercise price of $11.40 per share (125% of the $9.00 public offering price) and which expire on February 16, 2029. The warrants were evaluated in accordance with ASC 718 and recorded within stockholders' equity.

The Company issued 13,330,000 Class A Warrants to investors who participated in the Company's July 2024 Offering. The Class A Warrants had an initial exercise price of $1.50 per share of Common Stock, however on August 24, 2024 the exercise price was reset to $0.7043. See Note 6. The number of shares of Common Stock issuable upon exercise of the Class A Warrants were not proportionately adjusted in connection with the reset of the exercise price.

The Class A Warrants are exercisable upon issuance and expire five years from the date of issuance. The Class A Warrants contain ownership limitations pursuant to which a holder does not have the right to exercise any portion of their warrants if it would result in the holder (together with its affiliates) beneficially owning more than 4.99% (or, at the election of the holder, 9.99%) of the Company's outstanding Common Stock. The Class A Warrants are issued pursuant to a Warrant Agent Agreement dated July 25, 2024 ("Warrant Agent Agreement") between the Company and VStock Transfer LLC, as warrant agent.

In connection with the July 2024 Offering, the Company evaluated the Class A Warrants and determined they met the criteria for liability classification as they met the criteria in ASC 815 - Derivatives and Hedging due to the reset provision. The Class A Warrants had an initial fair value of $12.1 million. The gross proceeds of $10.0 million from the July 2024 follow-on public offering was allocated to the Class A Warrants resulting in a loss on issuance of common stock of approximately $2.1 million recorded in Other income (expenses). Upon the reset of the Class A Warrant exercise price, the Class A Warrants no longer met the criteria for liability classification pursuant to ASC 815; at which time the Company recorded a gain in Other income (expenses) - Change in fair value of Class A warrants of $4.0 million, and reclassified $1.9 million to equity representing the difference between the change in the fair value, and the loss upon issuance of our common stock.

The Class A Warrants were valued utilizing a probability weighted scenario method with a Monte Carlo simulation model and Black-Scholes Model. The significant assumptions in the Monte Carlo simulation model include a stay public assumption of 90%, and a fundamental transaction assumption of 10%. The significant assumptions utilized in estimating the fair value of the Class A Warrants at issuance include (i) a per share price of common stock range of $1.14 - $1.40; (ii) a dividend yield of 0%; (iii) a risk-free rate range of 4.13% - 4.14%; (iv) expected volatility of 119%; (v) projected stock price and volume weighted average price as of the Reset Date of $1.14; (vi) a strike price range of $1.40 - $1.50; and (vii) expected term of 4.92 years.

In connection with the July 2024 Offering, the Company also issued warrants to designees of the placement agent exercisable for an aggregate of 266,600 shares of Common Stock. The warrants have substantially the same terms as the Class A Warrants, except that the placement agent warrants have an exercise price equal to $1.875 per share (125% of the $1.50 public offering price), have an initial exercise date of January 23, 2025 and expire on July 23, 2029. The placement agent warrants were evaluated in accordance with ASC 718 and recorded within stockholders' equity.

In connection with the January 2025 Offering, as consideration for Maxim Group LLC serving as the placement agent of the Offering, the Company also issued warrants to designees of the placement agent exercisable for an aggregate of 194,311 shares of Common Stock, which represent 4.0% of the aggregate number of shares of common stock sold in the offering, at an exercise price per share equal to 125% of the public offering price of $0.375. The warrants are exercisable six months from the date of issuance and expire five years from the commencement of the sales in this offering. The warrants may be exercisable via cashless exercise in certain circumstances. The warrants were evaluated in accordance with ASC 718 and recorded within stockholders' equity.

In connection with the February 2025 Offering, the Company issued warrants to purchase up to 2,245,968 shares of common stock at an exercise price of $0.54. The warrants are exercisable on the six-month and one day anniversary of their issuance, and their exercise price was calculated as the greater of the (1) book value of the common stock or (ii) market value of the common stock as determined by the NYSE American Rules.

In connection with Shares issued to Alumni Capital under the terms of the ELOC, Alumni Capital will receive warrants to purchase such number of shares of the Company’s Common Stock equal to 10% of the number of Shares purchased in the related purchase. The Exercise Price shall equal 130% of the price per share paid upon closing. The exercise of the Warrant will be subject to stockholder approval and expire five years after issuance. The Warrants may be exercised via cashless exercise if there is no effective registration statement, or current prospectus available for, the resale of the Warrant Shares. The Company issued 759,700 warrants, of which 460,000 warrants were issued subsequent to June 30, 2025.

The following table summarizes information about warrants outstanding at June 30, 2025:

		Warrants Outstanding			Warrant Exercisable		
Year Granted	Exercise Price	Number of Warrants at 06/30/2025	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Warrants at 06/30/2025	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
2018	$ 14.40	1,596	2.8 years	$ 14.40	1,596	2.8 years	$ 14.40
2019	$ 158.40	7,195	0.6 years	$ 158.40	7,195	0.6 years	$ 158.40
2023	$ 187.50	2,000	3.0 years	$ 187.50	2,000	3.0 years	$ 187.50
2024	$ 11.40	22,223	3.7 years	$ 11.40	22,223	3.7 years	$ 11.40
2024	$ 0.70	13,329,000	4.1 years	$ 0.70	13,329,000	4.1 years	$ 0.70
2024	$ 1.88	266,600	4.1 years	$ 1.88	266,600	4.1 years	$ 1.88
2025	$ 0.38	194,311	4.6 years	$ 0.38	—	0.0 years	$ —
2025	$ 0.54	2,245,968	5.1 years	$ 0.54	—	0.0 years	$ —
2025	$ 0.35	74,700	4.9 years	$ 0.35	74,700	4.9 years	$ 0.35
2025	$ 0.33	75,000	4.9 years	$ 0.33	75,000	4.9 years	$ 0.33
2025	$ 0.32	75,000	4.9 years	$ 0.32	75,000	4.9 years	$ 0.32
2025	$ 0.35	75,000	5.0 years	$ 0.35	75,000	5.0 years	$ 0.35
		16,368,593		$ 0.79	13,928,314		$ 0.84

8. Stock Options

In March 2023, the Company's Board of Directors and stockholders approved the 2023 Stock Incentive Plan ("2023 Plan"). The 2023 Plan allows the Compensation Committee to grant up to 1,211,068 shares of Common Stock in the form of incentive and non-statutory stock options, restricted stock awards, restricted stock units, and other stock-based awards to employees, directors, and non-employees. As of June 30, 2025, options to purchase 1,333 shares of common stock had been granted and were outstanding under the 2023 Plan and 1,209,734 shares of common stock were available for grant under the plan. On October 3, 2024, the Company's Board of Directors approved amendments to the 2023 Plan that, subject to stockholder approval, would (i) increase the number of shares of Common Stock that may be issued under the 2023 Plan by 1,144,401 shares and (ii) adopt an evergreen provision to the 2023 Plan providing for an automatic 5% annual increase in the shares of Common Stock available for issuance under the 2023 Plan over the next 10 years. Both amendments were approved by the Company's stockholders at the Company's annual stockholder meeting held on November 20, 2024.

During 2016, the Company established the Azitra Inc. 2016 Stock Incentive Plan ("2016 Plan") which provides for the grant up to 49,687 shares of Common Stock in the form of stock options and restricted shares to the Company's employees, officers, directors, advisors and consultants. As of June 30, 2025, options to purchase 40,275 shares of common stock had been granted and 7,457 shares of common stock were available for grant under the 2016 Plan.

At June 30, 2025, there was $34,286 of unamortized compensation expense that will be amortized over the remaining vesting period. At June 30, 2025 and 2024, there were 0 and 437 performance-based options outstanding, respectively with fair values of $0 and $109,551, respectively. The Company determined the options qualified as plain vanilla under the provisions of SAB 107 and the simplified method was used to estimate the expected option life.

Stock-based compensation expense recognized for options was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Research and development	$ 41	$ 1,879	$ 611	$ 1,253
General and administrative	15,990	32,291	45,822	67,088
Total	$ 16,031	$ 34,170	$ 46,433	$ 68,341

The following table summarizes information about options outstanding and exercisable at June 30, 2025:

	Options Outstanding			Options Exercisable		
Exercise Price	Number of Options at June 30, 2025	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options at June 30, 2025	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$ 14.32	6,870	0.5 years	$ 14.32	6,870	0.5 years	$ 14.32
$ 27.80	6,735	0.3 years	$ 27.80	6,735	0.3 years	$ 27.80
$ 51.08	26,671	4.3 years	$ 51.08	26,671	4.3 years	$ 51.08
$ 62.10	1,332	8.2 years	$ 62.10	626	8.2 years	$ 62.10
	41,608			40,902		

Total stock option activity for the period ended June 30, 2025, is summarized as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2024	41,608	$ 41.60	3.7 years	—
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Outstanding at June 30, 2025	41,608	$ 41.60	3.2 years	—
Vested and Exercisable at June 30, 2025	40,902	41.24	3.1 years	—

9. Fair Value Measurements

The following tables summarize the fair values and levels within the fair value hierarchy in which the fair value measurements fall for assets and liabilities measured on a recurring basis as of:

June 30, 2025

Description	Level 1	Level 2	Level 3	Total
Liabilities				
Common stock warrants	$ —	$ —	$ 184	$ 184
Total	$ —	$ —	$ 184	$ 184

December 31, 2024

Description	Level 1	Level 2	Level 3	Total
Liabilities				
Common stock warrants	$ —	$ —	$ 381	$ 381
Total	$ —	$ —	$ 381	$ 381

The following table presents the changes in Level 3 instruments measured on a recurring basis for the period ended June 30, 2025:

Balance at December 31, 2024	$ 381
Changes in fair value of warrants	(143)
Balance at March 31, 2025	$ 238
Changes in fair value of warrants	$ (54)
Balance at June 30, 2025	$ 184

At June 30, 2025 and December 31, 2024, the Company estimated the fair value of the warrants using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2025	December 31, 2024
Underlying common stock value	$ 0.26	$ 0.43
Expected term (years)	2.79	3.29
Expected volatility	178 %	172 %
Risk free interest rate	4 %	4 %
Dividend yield	— %	— %

Fluctuations in the fair value of the Company's common stock, and the expected volatility are the primary drivers for the change in the common stock warrant liability valuation during each year. As the fair value of the common stock, and expected volatility increases the value to the holder of the instrument generally increases.

10. Net Loss Per Share

The following potential common stock equivalents, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	June 30,	
	2025	2024
Options to purchase shares of common stock	41,608	41,608
Warrants outstanding	16,368,593	33,014
Total	16,410,201	74,622

11. Commitments and Contingencies

Legal

The Company is subject to legal proceedings or claims which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity.

License Agreement

Effective January 26, 2022, the Company entered into an Exclusive License Agreement (the License Agreement) with an unrelated third party. Under the License Agreement, the Company is granted an exclusive license for certain patents and a non-exclusive license for certain know-how. The License Agreement continues until the later of the expiration of the last to expire licensed patent or ten years after the first commercial sale of the first licensed therapeutic or non-therapeutic product. The Company may terminate the License Agreement at any time by providing at least 30 days written notice to the third party. The License Agreement is also terminated upon breach of a material obligation under the agreement or bankruptcy. Upon any termination of the License Agreement, neither party is relieved of obligations incurred prior to the termination.

During the three and six months ended June 30, 2025, the Company did not capitalize any payments made under this license.

Operating Leases

The Company leases office and lab space in Branford, CT, Groton, CT, and Montreal, Quebec. The Company's leases expire at various dates through May 31, 2027. Most leases are for a fixed term and for a fixed amount.

During 2019, the Company entered into a new lease agreement for office and laboratory space in Montreal, Quebec. The Montreal lease required monthly payments of $6,906, CAD which increases approximately 4% in each of the following years. The Montreal lease was increased to $8,130 CAD in 2021 upon leasing additional space. The Montreal lease was initially for a one-year term, renewable annually. The Montreal lease also requires the Company to pay additional common area maintenance.

During 2020, the Company entered into a new lease agreement for the Company's primary office and laboratory space in Branford, CT. The Branford lease requires monthly payments of $13,033 for the first year of the lease, which increases approximately 2% in each of the following years. The Branford lease also requires the Company to pay a pro-rata share of common area maintenance.

During May 2021, the Company entered into a new lease for office and laboratory space in Groton, CT. The Groton lease required monthly payments of $4,234, which was increased to $6,824 in September 2021 upon leasing additional space. In August 2024, the Company reassessed its needs and released certain lab space resulting in a decrease to the monthly payment to $5,216. The Groton lease is initially for a one-year term, renewable annually for up to three additional years.

Future minimum payments under non-cancelable operating leases with initial or remaining terms in excess of one year during each of the next five years follow:

2025	$	154,708
2026		268,625
2027		139,112
2028		25,193
Total future undiscounted lease payments		587,638
Less interest		(28,112)
Present value of minimum lease payments	$	559,526

Rent expense for all operating leases was $166,989 and $169,428 for the six months ended June 30, 2025 and 2024, respectively. The weighted average lease term for all operating leases is 2.0 years. The weighted average discount rate for all operating leases is 4.77%.

Finance Leases

During 2023, the Company entered into an agreement with Hewlett Packard to lease equipment. The lease requires monthly payments of $1,478, including tax. The lease is for a 3 year term with option of purchase or extension at term end. The remaining lease term is 1.1 years and the discount rate is 9.60%.

The following is a schedule showing the future minimum lease payments under finance leases by years and the present value of the minimum payments as of June 30, 2025.

2025	$	8,868
2026		9,608
2027		741
Total future undiscounted lease payments		19,217
Less interest		(884)
Present value of minimum lease payments	$	18,333

Lease expense for the finance lease was $7,740 and $7,740 for the six months ended June 30, 2025 and 2024, respectively. Interest expense for the finance lease was $1,030 and $1,745 for the six months ended June 30, 2025 and 2024, respectively.

12. Retirement Plan

Effective January 1, 2019, the Company sponsors a 401(k) plan that covers substantially all employees. In order to be eligible to participate, an employee must complete two consecutive months of service and work a minimum of two hundred fifty hours or work 1,000 hours in their first year of service. Employees may make pre-tax deferrals upon meeting the Plan eligibility requirements. Effective January 1, 2020, the Plan was transitioned to a safe harbor plan in which highly compensated employees are not eligible for matching contributions and non-highly compensated employees earn 100% match on first 3% contributed and 50% on the next 2% contributed. Total employer matching contributions were $3,692 and $8,273 for the three and six months ended June 30, 2025, respectively. Total employer matching contributions were $3,522 and $7,648 for the three and six months ended June 30, 2024, respectively.

13. Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash.

The cash balance identified in the balance sheet is held in an account with a financial institution and insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, cash maintained on deposit may be in excess of FDIC limits.

14. Related Parties

There was no related party revenue for the three and six months ended June 30, 2025, respectively. Total related party revenue was $7,500 and $7,500 for the three and six months ended June 30, 2024, respectively. There were no accounts receivable due from the related party at June 30, 2025 and December 31, 2024, respectively.

In July 2024, Bayer was no longer considered a related party as their holdings in the Company no longer exceeded 5% of the total outstanding common stock, and the amounts disclosed above are accordingly presented while they were considered a related party.

15. Segment Information

The Company operates and manages its business as a single reportable segment, which is to discover and develop novel therapeutics to create a new paradigm for treating skin diseases. The Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), manages and evaluates the Company's performance on a total Company basis of net loss and assessing how to allocate resources based on the Company cash position as reported in the Company's balance sheet and statement of operations. The Company's significant expenses are consistent with the expense categories presented in the statement of operations.

As of June 30, 2025, all of the Company's fixed assets were maintained in the United States and Canada on an original costs basis of $893,238 and $283,169, respectively.

16. Subsequent Events

The Company has evaluated events subsequent to the balance sheet date through August 11, 2025, the date these financial statements are issued.

In July 2025, the Company amended and restated its Certificated of Incorporation increasing the number of authorized shares from 100,000,000 to 200,000,000.

Subsequent to June 30, 2025, the Company issued an additional 5,500,000 common shares under the terms of the ELOC for an estimated gross proceeds of $888,714, and 460,000 warrants on our common shares.

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

Cautionary Statement

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and the related notes thereto contained elsewhere in this report. The information contained in this quarterly report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this report and in our other filings with the Securities and Exchange Commission, or SEC, including our Form 10-K for the year ended December 31, 2024, filed with the SEC on February 24, 2025.

In this report we make statements, and from time to time we otherwise make written and oral statements regarding our business and prospects, such as projections of future performance, statements of management's plans and objectives, forecasts of market trends, and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements containing the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimates," "projects," "believes," "expects," "anticipates," "intends," "target," "goal," "plans," "objective," "should" or similar expressions identify forward-looking statements, which may appear in our documents, reports, filings with the SEC, and news releases, and in written or oral presentations made by officers or other representatives to analysts, stockholders, investors, news organizations and others, and in discussions with management and other of our representatives.

Our future results, including results related to forward-looking statements, involve a number of risks and uncertainties, including those risks included in the "Risk Factors" section in our Form 10-K for the year ended December 31, 2024, filed with the SEC on February 24, 2025. No assurance can be given that the results reflected in any forward-looking statements will be achieved. Any forward-looking statement speaks only as of the date on which such statement is made. Our forward-looking statements are based upon assumptions that are sometimes based upon estimates, data, communications and other information from suppliers, government agencies and other sources that may be subject to revision. Except as required by law, we do not undertake any obligation to update or keep current either (i) any forward-looking statement to reflect events or circumstances arising after the date of such statement or (ii) the important factors that could cause our future results to differ materially from historical results or trends, results anticipated or planned by us, or which are reflected from time to time in any forward-looking statement.

General

We were formed in January 2014 as a biopharmaceutical company focused on developing innovative therapies for precision dermatology using engineered proteins and live biotherapeutic products. We are an early-stage clinical biopharmaceutical company and have not commenced commercial operations.

To date, we have capitalized our operations primarily through a series of private placements of our convertible preferred stock and convertible promissory notes and our initial public offering, IPO, of common stock which closed on June 21, 2023. In connection with our IPO, we issued 50,000 shares of our common stock at a public offering price of $150 per share. Concurrent with the close of our IPO, all of our outstanding shares of convertible preferred stock and convertible promissory notes converted into a total of 298,384 shares of our common stock. In February 2024, we completed a follow-on public offering in which we issued and sold 555,567 shares of our common stock at a price to the public of $9.00 per share. On July 25, 2024, we completed a follow-on offering of an aggregate of 6,665,000 shares of our common stock, and Class A warrants to purchase up to 13,330,000 shares of common stock, at a combined public offering price of $1.50 per share and accompanying warrants. On January 14, 2025, we completed a follow-on offering in which we issued and sold 4,857,780 shares of our common stock at a price of $0.30 per share. The net proceeds received by us from the follow-on offering were $1.2 million, after deducting placement agent's fees and other offering expenses. The shares were offered by us pursuant to a shelf registration statement on Form S-3 filed with the SEC on July 1, 2024, and a final prospectus supplement dated January 15, 2025. On February 5, 2025, we completed a follow-on offering in which we issued 2,495,518 shares of our common stock at a public offering price of $0.2785 per share and warrants to purchase up to 2,245,968 shares of common stock. The net proceeds received by the Company from the follow-on offering were $561 thousand after deducting placement agent's fees and other offering expenses. The shares were offered by us pursuant to a shelf registration statement on Form S-3 filed with the SEC on July 1, 2024, and a final prospectus supplement dated February 6, 2025. The warrants are exercisable on the six-month and one day anniversary of their issuance, and their exercise price is $0.54.

On April 24, 2025, the Company entered into a Purchase Agreement (the "Purchase Agreement") with Alumni Capital LP (the "Purchaser"), whereby the Company has the right, but not the obligation, to sell to the Purchaser, and the Purchaser is obligated to purchase, up to an aggregate of $20 million (the "Investment Amount") of shares of the Company's common stock in a series of purchases. The term of the Purchase Agreement is through December 31, 2026, or the date on which the Purchaser shall have purchased the shares pursuant to the Purchase Agreement for an aggregate purchase price of the Investment Amount. During the term,

the Company may at its election cause the Purchaser to make a series of purchases of shares, each up to $750,000, or up to $4 million dollars upon consent of the Purchaser. The closing of each purchase pursuant to the Purchase Agreement will be no later than five business days after the Company provides a notice to for the purchase. The purchase price of the shares that the Company elects to sell to the Purchaser pursuant to the Purchase Agreement will be equal to the lowest daily volume weighted average price of the Common Stock during the period commencing on the date that the Company delivers a notice requiring the purchase of shares by the Purchaser and ending on the earlier to occur of (i) five (5) business days immediately following such date and (ii) the date on which the Purchaser notifies the Company that it is prepared to proceed with the relevant closing, multiplied by 90%. Upon each purchase, the Purchaser will receive warrants to purchase such number of shares of the Company's Common Stock equal to 10% of the number of shares purchased in the related purchase (the "Warrants"). The Exercise Price shall equal 130% of the price per share paid upon closing. The exercise of the Warrant will be subject to stockholder approval and expire five years after issuance. The Warrants may be exercised via cashless exercise if there is no effective registration statement, or current prospectus available for, the resale of the Warrant shares. In no event may the Company issue to the Purchaser under the Purchase Agreement shares in an amount greater than 19.99% of the total number of shares of Common Stock issued and outstanding immediately prior to the execution of the Purchase Agreement (the "Exchange Cap"), unless the Company obtains stockholder approval to issue shares of Common Stock in excess of the Exchange Cap. On June 23, 2025, at the Company's annual meeting of stockholders, the Stockholders approved the sale and issuance of more than 19.99% of our outstanding shares of our common stock, including shares of common stock underlying warrants, pursuant to the Purchase Agreement entered into with the Purchaser.

As of August 11, 2025, the Company has sold 8,497,000 shares, and issued 759,700 warrants to Alumni Capital LP under the Purchase Agreement with an estimated gross proceeds of $1.7 million.

As of August 11, 2025, we had 23,476,354 shares of our common stock issued and outstanding. Except as otherwise indicated, all share and share price this report gives effect to a reverse stock split effected on July 1, 2024 at a ratio of 30-for-1. As of the date of this filing, our Board is still evaluating the need for a further reverse split and, if needed, the exact split ratio based on our financing alternatives and NYSE American compliance considerations. Our financial statements will not reflect the further reverse stock split until such time as it occurs.

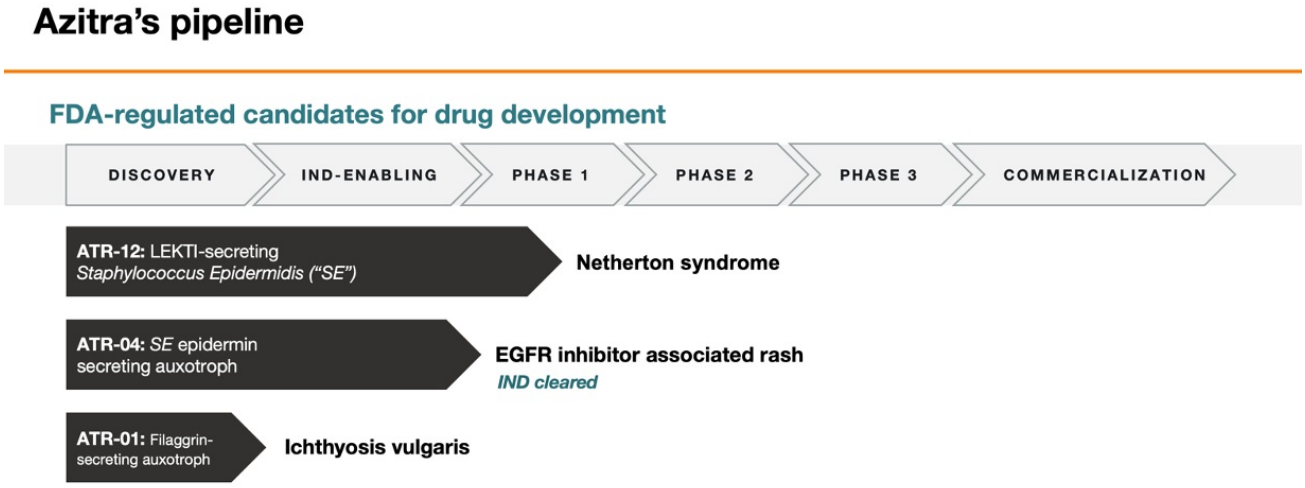
Overview

We are focused on developing innovative therapies for precision dermatology using engineered proteins and topical live biotherapeutic products. We have built a proprietary platform that includes a microbial library comprised of approximately 1,500 unique bacterial strains that can be screened for unique therapeutic characteristics. The platform is augmented by an artificial intelligence and machine learning technology, which can enable the transformation of previously genetically intractable strains. Our initial focus is on the development of genetically engineered strains of *Staphylococcus epidermidis, or S. epidermidis*, which we consider to be an optimal therapeutic candidate species for engineering of dermatologic therapies. The particular species demonstrates a number of well-described properties in the skin. As of the date of this report, we have identified among our microbial library over 60 distinct bacterial species that we believe are capable of being engineered to create living organisms or engineered proteins with significant therapeutic effect.

We are a pioneer in genetically engineered bacteria for therapeutic use in dermatology. Our goal is to leverage our platforms and internal microbial library bacterial strains to create new therapeutics that are either engineered living organisms or engineered proteins or peptides to treat skin diseases. Our initial focus is on the development of our current programs, including:

- **ATR-12**, which includes a genetically modified strain of *S. epidermidis* for treating the orphan disease, Netherton syndrome, a chronic and sometimes fatal disease of the skin estimated to affect approximately one in every 100,000, but its prevalence may be underestimated due to misdiagnosis caused by similarities to other skin diseases. We received Pediatric Rare Disease Designation for ATR-12 by the United States Food and Drug Administration, or FDA, in 2019. In December 2022, we submitted an investigational new drug application, or IND, for a Phase 1b clinical trial of ATR-12 in Netherton syndrome patients, and on January 27, 2023 we received notification from the FDA that the "study may proceed" with respect to the proposed Phase 1b clinical trial. After submitting post-IND manufacturing reports, we have commenced operating activities for our Phase 1b clinical trial in December 2023, and we dosed our first patient in August 2024. We reported initial clinical safety results in the first half of 2025.
- **ATR-04**, which includes a genetically modified strain of *S. epidermidis* for treating the papulopustular rash experienced by cancer patients undergoing epidermal growth factor receptor inhibitor, or EGFRi, targeted therapy. In August 2024, we obtained IND clearance from the FDA to commence a Phase 1/2 clinical trial in certain cancer patients undergoing EGFRi targeted therapy. In September 2024, we obtained Fast Track designation by the FDA in this indication. We expect to dose the first patient in the Phase 1/2 clinical trial in the third quarter of 2025.

- **ATR-01**, which includes a genetically modified strain of *S. epidermidis* that expresses an engineered recombinant human filaggrin protein for treating ichthyosis vulgaris, a chronic, xerotic (abnormally dry), scaly skin disease with an estimated incidence and prevalence of 1 in 250, which suggests a total patient population of 1.3 million in the United States. We are planning to perform lead optimization and IND-enabling studies in 2025 to support an IND filing in 2026.



We also have established partnerships with teams from Carnegie Mellon University and the Fred Hutchinson Cancer Center, or Fred Hutch, two of the premier academic centers in the United States. Our collaboration with the Carnegie Mellon based team also takes advantage of the power of whole genome sequencing. This partnership is mining our proprietary library of bacterial strains for novel, drug like peptides and proteins. The artificial intelligence/machine learning technology developed by this team predicts the molecules made by microbes from their genetic sequences. The system then compares the predictions to the products actually made through tandem mass spectroscopy and/or nuclear magnetic resonance imaging to refine future predictions. The predictions can be compared to publicly available 2D and 3D protein databases to select drug like structures.

We hold an exclusive, worldwide license from Fred Hutch regarding the use of its patented SyngenicDNA Minicircle Plasmid, or SyMPL, technologies for all fields of genetic engineering, including to discover, develop and commercialize engineered microbial therapies and microbial-derived peptides and proteins for skin diseases. We are utilizing our licensed patent rights to build plasmids in order to make genetic transformations that have never been previously achieved. To date, our team has successfully engineered our lead therapeutic candidates without the SyMPL technology. However, we believe that SyMPL will open up the ability to make genetic transformations of an expanded universe of microbial species, and we expect that some or all of our future product candidates will incorporate the SyMPL technology.

Our Strategy

Beyond our three lead product candidates, our goal is to develop a broad portfolio of product candidates focused on expanding the application of our platforms for precision dermatology. We believe that we have established a unique position in advancing the development of biologics for precision dermatology.

We intend to create a broad portfolio of product candidates for precision dermatology through our development of genetically engineered proteins selected from our proprietary microbial library of approximately 1,500 unique bacterial strains. Our strategy is as follows:

- ***Build a sustainable precision dermatology company.*** Our goal is to build a leading precision dermatology company with a sustainable pipeline of product candidates. To that end, we are focused on rapidly advancing our current pipeline of live biotherapeutic candidates while actively developing additional product candidates. Each of our current product candidates are proprietary and subject to pending patent applications. We expect that most, if not all, genetically engineered product candidates we develop will be eligible for patent protection.

- ***Advance our lead programs, ATR-12 and ATR-04, through clinical trials.*** In 2022, we obtained pre-IND correspondence with the FDA for purposes of discussing our proposed regulatory pathway for the ATR-12 program and obtaining guidance

from the FDA on the preclinical plan leading to the filing and acceptance of an IND for ATR-12. In December 2022, we filed an IND for an ATR-12 first-in-human trial in Netherton syndrome patients. On January 27, 2023, we received notification from the FDA that the "study may proceed" with respect to the proposed Phase 1b clinical trial, and in August 2024 we initiated dosing the first patient in the ATR-12 Phase 1b clinical trial. In August 2024, we received IND clearance from the FDA for a first-in-human Phase 1b/2a clinical trial in patients with EGFRi-associated rash, and in September 2024, the FDA granted Fast Track designation for the ATR-04 program. We commenced a Phase 1b trial for our ATR-04 program in certain cancer patients undergoing EGFRi therapy in the fourth quarter of 2024. We expect to dose the first patient in the ATR-04 Phase 1/2 clinical trial in the third quarter of 2025. We reported initial safety results of the first patients dosed in our Phase 1b clinical trial for our ATR-12 program in Netherton syndrome patients in the first half of 2025.

- ***Broaden our platform by selectively exploring strategic partnerships that maximize the potential of our precision dermatology programs.*** We intend to maintain significant rights to all of our core technologies and product candidates. However, we will continue to evaluate partnering opportunities in which a strategic partner could help us to accelerate development of our technologies and product candidates, provide access to synergistic combinations, or provide expertise that could allow us to expand into the treatment of different types of skin diseases. We may also broaden the reach of our platform by selectively in-licensing technologies or product candidates. In addition, we will consider potentially out-licensing certain of our proprietary technologies for indications and industries that we are not ourselves pursuing. We believe our genetic engineering techniques and technologies have applicability outside of the field of medicine, including cosmetics and in the generation of clean fuels and bioremediation.

- ***Leverage our academic partnerships.*** We currently have partnerships with investigators at the Fred Hutchinson Cancer Center, Yale University, Duke University, and Carnegie Mellon University. We expect to leverage these partnerships and potentially expand them or form other academic partnerships to bolster our engineering platforms and expand our research and development pipeline.

- ***Expand on our other potential product candidates.*** Beyond our three lead product candidates, our goal is to develop a broad portfolio of product candidates focused on expanding the application of our platforms for precision dermatology. We have a proprietary platform for discovering and developing therapeutic products for precision dermatology. Our platform is built around a microbial library comprised of approximately 1,500 unique bacterial strains to allow screening for unique therapeutic characteristics and utilizes a microbial genetic technology that analyzes, predicts and engineers the proteins, peptides and molecules made by skin microbes. Our ability to genetically engineer intractable microbial species is uniquely leveraged by our exclusive license to the SyMPL technology.

Results of Operations

We are an early-stage clinical biopharmaceutical company, formed in January 2014, and have limited operating history. We have not commenced revenue-producing operations, and our core focus is on the research and development of innovative therapies for precision dermatology using engineered proteins and live biotherapeutic products. To date, our operations have consisted of the development of our proprietary microbial library, the identification, characterization and testing of certain bacterial species from our microbial library that we believe are capable of being engineered to provide significant therapeutic effect and the development of our initial product candidates.

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

The following table summarizes our results of operations with respect to the items set forth below for the three months ended June 30, 2025 and 2024, together with the percentage change for those items.

	Three Months Ended June 30,			
	2025	2024	$ Change	% Change
Service revenue - related party	$ —	$ 7,500	$ (7,500)	(100)%
Total revenue	—	7,500	(7,500)	(100)%
Operating expenses:				
General and administrative	1,469,513	1,549,228	(79,715)	(5)%
Research and development	1,401,839	1,118,552	283,287	25 %
Total operating expenses	2,871,352	2,667,780	203,572	8 %
Loss from operations	(2,871,352)	(2,660,280)	(211,072)	8 %
Other income (expense):				
Interest income	15,461	16,268	(807)	(5)%
Interest expense	(468)	(1,782)	1,314	(74)%
Change in fair value of warrants	54	4,272	(4,218)	(99)%
Other income (expense)	(32,688)	9,529	(42,217)	(443)%
Total other income (expense)	(17,641)	28,287	(45,928)	(162)%
Loss before income taxes	(2,888,993)	(2,631,993)	(257,000)	10 %
Income tax expense	—	—	—	— %
Net loss	(2,888,993)	(2,631,993)	(257,000)	10 %
Dividends on preferred stock	—	—	—	— %
Net loss attributable to common shareholders	$ (2,888,993)	$ (2,631,993)	$ (257,000)	10 %

Service Revenue - Related Party

We generated $0 of service revenue under the Bayer JDA during the second quarter of fiscal 2025 compared to service revenue of $7,500 under the JDA for the comparable period in fiscal 2024. The decrease of $7,500 in service revenue is attributable to a decrease in the amount of reimbursable development costs incurred in 2025. We do not expect any further service revenue at this time.

General and Administrative

General and administrative costs during the second quarter of fiscal 2025 decreased by $79,715, or 5%, to $1,469,513 from the comparable prior period. The decrease was primarily related to an increase of $80,000 in the use of business consultants which was primarily attributed to increased hours due to incremental public company compliance initiatives and business development efforts, an increase of $71,000 in legal fees primarily related to patent expenses and public company compliance initiatives, an increase of $30,000 in public relations costs related to an increase in our base rate and additional services provided, and an increase $21,000 in software and equipment offset by a decrease of $208,000 in financing costs primarily attributable to the 2024 payment to the previous investment bank, ThinkEquity, a decrease of $25,000 in accounting costs, a decrease of $14,000 in insurance costs, a decrease of $13,000 in conference costs and a net decrease of $21,000 in other overhead expenses.

We expect that our general and administrative expenses will incur a modest increase in the future as a result of personnel costs, and facility operating costs. We also expect an increase in costs associated with being a public company, including costs related to accounting, audit, legal, consulting fees, regulatory and tax-related services associated with maintaining compliance with applicable NYSE American and SEC requirements, additional director and officer insurance costs, and investor and public relations costs.

Research and Development

Research and development expenses include salaries and benefits of all research personnel, payments to contract research organizations, payments to research consultants, and the purchase of lab supplies.

During the three months ended June 30, 2025 and June 30, 2024, our research and development expenses by category were as follows:

	Three Months Ended June 30,	
Expense Category:	**2025**	**2024**
Preclinical and clinical research and development activities	$ 880,184	$ 416,016
Chemistry, manufacturing and controls (CMC)	21,685	157,363
Personnel & consultants related expenses	499,970	545,173
Total research and development expenses	$ 1,401,839	$ 1,118,552

During the second quarter of fiscal 2025, research and development expenses increased by $283,287, or 25%, to $1,401,839 from the comparable prior period. The increase was primarily related to a net increase of $175,000 in research and development and clinical trial costs for our ATR-12 program as the program progresses its clinical trial, a net increase of $120,000 in research and development and clinical trial costs for our ATR-04 program as the program has entered it's clinical trial phase, an increase of $23,000 in research and development costs for our ATR-01 program, an increase of $22,000 in payroll and benefits due merit increases and an additional new hire, and an increase of $9,000 for lab supplies offset by a decrease of $83,000 in clinical consultant expenditures related to our programs prior to entering into their clinical phases, and a net increase of $17,000 in other miscellaneous costs. There were no government and nonprofit grant revenue received for the periods ended June 30, 2025 and 2024. There were no refundable tax credits for the periods ended June 30, 2025 and 2024.

We expect our research and development expenses to significantly increase in the future due primarily to our planned clinical trial activity and continued development of product candidates.

Other Income (Expense)

Our other income (expense) consists of interest income, interest expense, change in the valuation of warrants carried at fair value, and loss on foreign currency. During the second quarter of fiscal 2025, other income (expense) decreased by $45,928, or 162%, compared to the comparable period in fiscal 2024. The decrease was primarily related to a increase of $41,000 attributable to the loss on foreign currency and by a net increase of $5,000 attributable to other income and expense.

We expect our future other income (expense) to be consistent with prior periods.

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

The following table summarizes our results of operations with respect to the items set forth below for the for the six months ended June 30, 2025 and 2024 together with the percentage change for those items.

	Six Months Ended June 30,			
	2025	**2024**	**$ Change**	**% Change**
Service revenue - related party				
Total revenue	$ —	$ 7,500	$ (7,500)	(100)%
	—	7,500	(7,500)	(100)%
Operating expenses:				
General and administrative	3,319,651	3,037,755	281,896	9 %
Research and development	2,651,939	2,591,522	60,417	2 %
Total operating expenses	5,971,590	5,629,277	342,313	6 %
Loss from operations	(5,971,590)	(5,621,777)	(349,813)	6 %
Other income (expense):				
Interest income	52,625	23,877	28,748	120 %
Interest expense	(1,761)	(2,697)	936	(35)%
Change in fair value of warrants	197	32,527	(32,330)	— %
Other income (expense)	(36,809)	3,202	(40,011)	(1250)%
Total other income	14,252	56,909	(42,657)	(75)%
Loss before income taxes	(5,957,338)	(5,564,868)	(392,470)	7 %
Income tax expense	—	—	—	— %
Net loss attributable to common shareholders	$ (5,957,338)	$ (5,564,868)	$ (392,470)	7 %

Service Revenue - Related Party

We generated $0 of service revenue under the Bayer JDA during the first six months of fiscal 2025 compared to service revenue of $7,500 under the JDA for the comparable period in fiscal 2024. The decrease of $7,500 in service revenue is attributable to a decrease in the amount of reimbursable development costs incurred in 2025. We do not expect any further service revenue at this time.

General and Administrative

General and administrative costs during the first six months of fiscal 2025 increased by $281,896, or 9%, to $3,319,651 from the prior year period. The increase was primarily related to an increase of $185,000 in accounting costs primarily related to an increase in fees paid to external auditors and NYSE, an increase of $120,000 for the use of business consultants which was primarily attributed to increased hours due to incremental public company compliance initiatives and business development efforts, an increase of $120,000 in legal fees primarily related to patent expenses and public company compliance initiatives, an increase of $70,000 for public relations expenditures which increased due to additional services and an increase in our base rates, an increase of $24,000 for software and equipment, an increase of $23,000 in repairs and maintenance and an increase of $19,000 in salaries and benefits primarily due to merit and bonus increases, offset by a decrease of $212,000 in financing costs attributable to the 2024 payment to the previous investment bank, ThinkEquity, a decrease of $36,000 in insurance expense and a net decrease of approximately $31,000 in other overhead expenses.

We expect that our general and administrative expenses will incur a modest increase in the future as a result of personnel costs, and facility operating costs. We also expect an increase in costs associated with being a public company, including costs related

to accounting, audit, legal, consulting fees, regulatory and tax-related services associated with maintaining compliance with applicable NYSE American and SEC requirements, additional director and officer insurance costs, and investor and public relations costs.

Research and Development

Research and development expenses include salaries and benefits of all research personnel, payments to contract research organizations, payments to research consultants, and the purchase of lab supplies.

During the six months ended June 30, 2025 and 2024 our research and development expenses by category were as follows:

	Six Months Ended June 30,	
Expense Category:	**2025**	**2024**
Preclinical and clinical research and development activities	$ 1,548,946	$ 954,495
Chemistry, manufacturing and controls (CMC)	51,413	460,963
Personnel & consultants related expenses	1,051,580	1,176,064
Total research and development expenses	$ 2,651,939	$ 2,591,522

During the first six months of fiscal 2025, research and development expenses increased by $60,417, or 2%, to $2,651,939 from the prior year period. The increase was primarily related to an net increase of $158,000 in research and development and clinical trial costs related to our ATR-12 program as the program progresses its clinical trial, an increase of $60,000 in research and development costs related to our ATR-01 program as the program continues to progress, and an increase in payroll and benefits of $31,000 due merit increases and an additional new hire, offset by a decrease of $152,000 in clinical consultant expenditures elated to our programs prior to entering into their clinical phases, a net decrease of $19,000 in research and development and clinical trial costs in our ATR-04 program primarily due to the timing of when the program was progressing from its research and development to clinical stage, and an overall net decrease of approximately $18,000 in other costs.

We expect our research and development expenses to significantly increase in the future due primarily to our planned clinical trial activity and continued development of product candidates.

Other Income

Our other income consists of interest income, loss on foreign currency translation, change in the valuation of warrants carried at fair value, gain on disposal of property and equipment, and interest expense. During the first six months of fiscal 2025, other income decreased by $42,657, or 75%, compared to the comparable period in fiscal 2024. The decrease was primarily related to a decrease of $33,000 attributable to the decrease in warrant value, an increase of $38,000 attributable to the loss on foreign currency, and a net increase of approximately $1,000 attributable to other expense, offset by an increase in interest income of $29,000.

We expect our future other income (expense) to be consistent with prior periods.

Financial Condition

As of June 30, 2025, we had total assets of approximately $4.0 million and working capital of approximately $0.3 million. As of June 30, 2025, our liquidity included approximately $1.0 million of cash and cash equivalents. We believe that our cash on-hand as of the date of this report will not be sufficient to cover our proposed plan of operations over the next twelve months. We intend to seek additional funds through various financing sources, including the sale of our equity and debt securities, federal grants, licensing fees for our technology and joint ventures with industry partners. In addition, we will consider alternatives to our current business plan that may enable us to achieve revenue producing operations and meaningful commercial success with a smaller amount of capital. However, there can be no guarantees that such funds will be available on commercially reasonable terms, if at all. If such financing is not available on satisfactory terms, we may be unable to further pursue our business plan and we may be unable to continue operations.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, our common stockholders' ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution 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 grant licenses on terms that may not be favorable to us. If we are unable to raise

additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our research, product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

As of the date of this filing, management has determined there is substantial doubt about our ability to continue as a going concern based on our lack of revenue from commercial operations, significant losses, and the need to raise additional capital to support ongoing operations. Our contractual commitments primarily consist of operating and financing leases with contractual undiscounted balances of $587,638, and $19,217, respectively as of June 30, 2025. Refer to Footnote 11 for more detailed information regarding our lease commitments. Additionally, as we continue to progress our product candidates through clinical trials, we will continue to incur additional costs related to our CRO's. It is common in our industry for the CRO's to require significant up-front cash payments prior to the beginning of such trial phases, and additional cash payments upon the achievement of certain milestones per the contracts' terms.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated:

	Six Months Ended June 30,	
	2025	**2024**
Net cash used in operating activities	$ (5,886,798)	$ (5,121,955)
Net cash used in investing activities	$ (57,973)	$ (155,826)
Net cash provided by financing activities	$ 2,435,782	$ 4,284,874
Net decrease in cash	$ (3,508,989)	$ (992,907)

Operating Activities

During the first six months of fiscal 2025, operating activities used $5.9 million of cash primarily driven by our net loss of $6.0 million. During the comparable period of fiscal 2024, operating activities used $5.1 million of cash primarily driven by our net loss of $5.6 million and by non-cash items of $0.5 million.

Investing Activities

During the first six months of fiscal 2025, investing activities used $57,973 of cash driven by $49,000 in trademark and deferred patent costs and $12,000 for the purchase of equipment offset by $3,000 in proceeds from the sale of property and equipment. During the comparable period of fiscal 2024, investing activities used $155,826 of cash attributable to trademark and deferred patent costs.

Financing Activities

During the first six months of fiscal 2025, financing activities provided $2.4 million in cash primarily driven by proceeds from our January and February 2025 follow-on public offerings and draws on our equity line of credit. During the comparable period of fiscal 2024, financing activities provided $4.3 million in cash primarily driven by proceeds from our February 2024 follow-on offering.

Critical Accounting Policies

During the six months ended June 30, 2025, there were material changes to our critical accounting policies previously disclosed in our Form 10-K dated December 31, 2024 and filed with the SEC on February 24, 2025. We no longer consider our revenue recognition, and estimating the fair value of our common stock critical accounting policies as we currently do not have transactions that produce revenue, and since we are a publicly traded company, we no longer need to estimate the fair value of our common stock as the Company's common stock is traded on the NYSE American.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our condensed financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these condensed financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in our condensed financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates, if any, will be reflected in the condensed financial statements prospectively from the date of change in estimates. There were no material changes to our critical accounting estimates as reported in our Form 10-K for the year ended December 31, 2024 and filed with the SEC on February 24, 2025.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures, pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as of June 30, 2025. In the course of that evaluation, we identified a material weakness as it relates to a lack of adequate segregation of accounting functions. We intend to increase staffing within our accounting infrastructure sufficient to facilitate proper segregation of accounting functions and to enable appropriate review of our internally prepared financial statements. Based upon the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective as of June 30, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the six months ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those forward-looking statements include our expectations, beliefs, intentions and strategies regarding the future. You should carefully consider the risk factors discussed in the "Risk Factors" section in our Form 10-K for the year ended December 31, 2024 as, in light of those risks, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in our forward-looking statements. Other than as set forth below, there have been no material changes in the risk factors included in our 2024 Form 10-K. The risk factors described in our 2024 Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Changes in U.S. and international trade policies may adversely impact our business and operating results.

We currently rely on foreign third-party manufacturers and service providers in connection with certain aspects of our clinical operations. The U.S. government and persons involved in the Trump administration have made statements and taken certain actions that have led to, and may continue to lead to, changes to U.S. and international trade policies. In April 2025, the U.S. government commenced collecting a 10% tariff on imports from many countries, with higher levies on goods from larger trading partners. If maintained, tariffs and the potential escalation of trade disputes with foreign countries could pose a risk to our business and could result in higher operating expenses. The extent and duration of any tariffs and the resulting impact on general economic conditions and on our business are uncertain and depend on various factors, such as negotiations between the United States and other countries, the response of such countries, exemptions or exclusions that may be granted, availability and cost of alternative sources of supply of materials we purchase from companies targeted with tariffs. The foreign country hardest hit by the U.S. tariffs to date has been China, however we do not currently import any goods or services from China. The tariffs have not been applied to the provision of services by foreign service providers as of the date of this filing, however there can be no assurance that the U.S. administration will not attempt to apply tariffs to the provision of overseas services going forward. There can be no assurance that U.S. policies on tariffs and international trade will not increase the cost of manufacturing our product candidates and supporting materials, and

import or export of raw materials and finished product candidates used in our and our collaborators' preclinical studies and clinical trials.

Number	Exhibit Description	Method of Filing
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on June 21, 2023.
3.2	Second Amended and Restated Bylaws of the Registrant	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on June 21, 2023.
3.3	Certificate of Amendment dated June 27, 2024 to Amended and Restated Certificate of Incorporation	Incorporated herein by reference to the Company's Form S-3 filed on July 1, 2024.
3.4	Certificate of Amendment filed with the Delaware Secretary of State on July 3, 2025	Incorporated herein by reference to the Company's 8-K filed on July 3, 2025.
3.5	Amendment to Second Amended and Restated Bylaws of the Registrant	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on August 12, 2024.
4.1	Form of Placement Agent Warrant issued to Maxim Partners, LLC	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on January 16, 2025
4.2	Form of Letter Agreement Between the Registrant and investors in February 2025 Securities Offering	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on February 6, 2025
4.3	Form of Warrant issued to Investors in February 2025 Securities Offering	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on February 6, 2025
4.4	Form of Warrant, dated April 24, 2025 issuable to Alumni Capital LP	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on April 24, 2025
10.1	Form of Purchase Agreement, dated April 24, 2025, by and between the Registrant and Alumni Capital LP	Incorporated herein by reference to the Company's Current Report on Form 8-K filed on April 24, 2025
31.1	Certification under Section 302 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith.
31.2	Certification under Section 302 of the Sarbanes-Oxley Act of 2002	Filed electronically herewith.
32.1	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350	Filed electronically herewith.

SIGNATURES

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

AZITRA, INC.

Date: August 11, 2025

By: /s/ Francisco D. Salva

Francisco D. Salva,
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2025

By: /s/ Norman Staskey

Norman Staskey
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Francisco D. Salva, certify that:

(1) I have reviewed this annual report on Form 10-Q of Azitra, 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 company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the 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 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 quarter (the registrant's fourth 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 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.

AZITRA, INC.

Date: August 11, 2025

By: */s/ Francisco D. Salva*

Francisco D. Salva, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Norman Staskey, certify that:

(1) I have reviewed this annual report on Form 10-Q of Azitra, 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 company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the 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 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 quarter (the registrant's fourth 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 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.

AZITRA, INC.

Date: August 11, 2025

By: /s/ *Norman S*taskey

Norman Staskey, Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Azitra, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Francisco D. Salva, the Chief Executive Officer, and Norman Staskey, the Chief Financial Officer, of the Company, respectively, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

By: /s/ *Francisco D. Salva* Dated: August 11, 2025

Francisco D. Salva

Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ *Norman Staskey* Dated: August 11, 2025

Norman Staskey

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

This certification is made solely for the purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.