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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

or

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

For the transition period from to

Commission File Number: 001-36694

Protara Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-4580525**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

345 Park Avenue South
3rd Floor
New York, NY
(Address of principal executive offices)

10010
(Zip Code)

(646) 844-0337
(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, $0.001 par value per share	TARA	The Nasdaq Global Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 ☒

As of November 3, 2026 there were 61,570,351 shares of the registrant's common stock, par value $0.001 per share, outstanding.

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CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current views with respect to, among other things, our operations and financial performance. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. You can generally identify these forward-looking statements by terminology such as "believes," "expects," "potential," "continues," "may," "will," "should," "seek," "approximately," "predict," "intend," "plans," "estimates," "anticipates" or the negative version of these terms or other comparable terminology. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ from those expressed in forward-looking statements. Forward-looking statements are based on management's current plans and expectations, expressed in good faith and believed to have a reasonable basis. However, we can give no assurance that any expectation or belief will result or will be achieved or accomplished. Investors therefore should not place undue reliance on forward-looking statements.

These forward-looking statements include, but are not limited to, statements about:

- estimates regarding our financial performance, including future revenue, expenses and capital requirements;
- our expected cash position and ability to obtain financing in the future on satisfactory terms or at all;
- expectations regarding our plans to research, develop and commercialize our current and future product candidates, including TARA-002, and Intravenous, or IV, Choline Chloride;
- expectations regarding the safety and efficacy of our product candidates;
- expectations regarding the timing, costs and outcomes of our clinical trials;
- expectations regarding potential market size;
- expectations regarding the timing of the availability of data from our clinical trials;
- expectations regarding the clinical utility, potential benefits and market acceptance of our product candidates;
- expectations regarding our commercialization, marketing and manufacturing capabilities and strategy;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- expectations regarding our ability to identify additional products or product candidates with significant commercial potential;

- developments and projections relating to our competitors and industry;
- our ability to acquire, license and invest in businesses, technologies, product candidates and products;
- our ability to remain listed on the Nasdaq Global Market, or Nasdaq;
- the impact of and changes or developments in government laws and regulations, including any executive orders or tariffs;
- costs and outcomes relating to any disputes, governmental inquiries or investigations, regulatory proceedings, legal proceedings or litigation;
- our ability to attract and retain key personnel to manage our business effectively;
- our ability to prevent system failures, data breaches or violations of data protection laws;
- the timing or likelihood of regulatory filings and approvals;
- our ability to protect our intellectual property position; and
- the impact of general U.S., foreign and global economic, industry, market, trade, regulatory, political or public health conditions.

More information on factors that could cause our actual results to differ from those expressed in forward-looking statements is included from time to time in our reports filed with the Securities and Exchange Commission, including in our Annual Report on Form 10-K for the year ended December 31, 2025, particularly under Part I, Item 1A, "Risk Factors." Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and under Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K to be a complete statement of all potential risks and uncertainties. All forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in or incorporated by reference into this Quarterly Report on Form 10-Q. Except as required by law, we expressly disclaim any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q also contains estimates, projections and other information concerning our industry, our business, and the markets for certain medical conditions, including data regarding the estimated size of those markets, and the incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

PROTARA THERAPEUTICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)
(in thousands, except share and per share data)

	As of	
	September 30, 2026	**December 31, 2025**
Assets		
Current assets:		
Cash and cash equivalents	$ 25,150	$ 49,657
Marketable debt securities	101,900	105,897
Prepaid expenses and other current assets	2,617	3,950
Total current assets	129,667	159,504
Restricted cash, non-current	745	745
Marketable debt securities, non-current	16,031	42,336
Property and equipment, net	1,581	759
Operating lease right-of-use asset	2,308	3,174
Other assets	6,209	2,950
Total assets	$ 156,541	$ 209,468
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,862	$ 3,468
Accrued expenses and other current liabilities	8,220	6,229
Operating lease liability	1,309	1,242
Total current liabilities	14,391	10,939
Operating lease liability, non-current	1,127	2,117
Total liabilities	15,518	13,056
Commitments and contingencies (Note 9)		
Stockholders' Equity:		
Preferred stock, $0.001 par value, authorized 10,000,000 shares:		
Series 1 Convertible Preferred Stock, 8,028 shares authorized at September 30, 2026 and December 31, 2025, 0 and 5,615 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	-	-
Common stock, $0.001 par value, 200,000,000 and 100,000,000 shares authorized at September 30, 2026 and December 31, 2025, respectively:		
Common stock, 59,967,669 and 53,587,260 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	60	54
Additional paid-in capital	505,070	498,687
Accumulated deficit	(363,557)	(302,419)
Accumulated other comprehensive income (loss)	(550)	90
Total stockholders' equity	141,023	196,412
Total liabilities and stockholders' equity	$ 156,541	$ 209,468

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

PROTARA THERAPEUTICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)
(in thousands, except share and per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Operating expenses:				
Research and development	$ 16,805	$ 9,591	$ 47,322	$ 29,509
General and administrative	6,349	5,169	18,785	15,961
Total operating expenses	23,154	14,760	66,107	45,470
Income (Loss) from operations	(23,154)	(14,760)	(66,107)	(45,470)
Other income (expense), net:				
Interest and investment income (expense)	1,466	1,502	4,969	4,857
Other income (expense)	-	-	-	481
Other income (expense), net	1,466	1,502	4,969	5,338
Net income (loss)	$ (21,688)	$ (13,258)	$ (61,138)	$ (40,132)
Other comprehensive income (loss):				
Net unrealized gain (loss) on marketable debt securities	(187)	66	(640)	141
Other comprehensive income (loss)	(187)	66	(640)	141
Comprehensive income (loss)	$ (21,875)	$ (13,192)	$ (61,778)	$ (39,991)
Net income (loss) per share attributable to common stockholders, basic and diluted	$ (0.35)	$ (0.31)	$ (1.01)	$ (0.96)
Weighted-average shares outstanding, basic and diluted	62,850,743	42,272,104	60,484,905	41,756,028

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

PROTARA THERAPEUTICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
(in thousands, except share and per share data)

	Series 1 Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	7,991	$ -	35,044,772	$ 35	$ 412,077	$ (244,980)	$ 2	$ 167,134
Issuance of common stock upon conversion of Series 1 Preferred Stock	(2,376)	-	2,376,244	2	(2)	-	-	-
Issuance of common stock upon exercise of pre-funded warrants	-	-	625,100	1	-	-	-	1
Issuance of common stock from December 2024 Public Offering, net of offering costs of $214	-	-	438,738	1	2,527	-	-	2,528
Issuance of common stock upon settlement of restricted stock units	-	-	92,959	-	(185)	-	-	(185)
Stock-based compensation - restricted stock units	-	-	-	-	121	-	-	121
Stock-based compensation - stock options	-	-	-	-	712	-	-	712
Unrealized gain (loss) on marketable debt securities	-	-	-	-	-	-	87	87
Net income (loss)	-	-	-	-	-	(11,914)	-	(11,914)
Balance at March 31, 2025	5,615	$ -	38,577,813	$ 39	$ 415,250	$ (256,894)	$ 89	$ 158,484
Issuance of common stock upon exercise of stock options	-	-	2,842	-	8	-	-	8
Issuance of common stock upon settlement of restricted stock units	-	-	1,208	-	-	-	-	-
Stock-based compensation - restricted stock units	-	-	-	-	167	-	-	167
Stock-based compensation - stock options	-	-	-	-	736	-	-	736
Unrealized gain (loss) on marketable debt securities	-	-	-	-	-	-	(12)	(12)
Net income (loss)	-	-	-	-	-	(14,960)	-	(14,960)
Balance at June 30, 2025	5,615	$ -	38,581,863	$ 39	$ 416,161	$ (271,854)	$ 77	$ 144,423
Issuance of common stock upon exercise of stock options	-	-	5,397	-	13	-	-	13
Stock-based compensation - restricted stock units	-	-	-	-	196	-	-	196
Stock-based compensation - stock options	-	-	-	-	851	-	-	851
Unrealized gain (loss) on marketable debt securities	-	-	-	-	-	-	66	66
Net income (loss)	-	-	-	-	-	(13,258)	-	(13,258)
Balance at September 30, 2025	5,615	$ -	38,587,260	$ 39	$ 417,221	$ (285,112)	$ 143	$ 132,291
Balance at December 31, 2025	5,615	$ -	53,587,260	$ 54	$ 498,687	$ (302,419)	$ 90	$ 196,412
Issuance of common stock upon conversion of	(971)	-	971,204	1	(1)	-	-	-

Series 1 Preferred Stock								
Issuance of common stock upon exercise of common warrants	-	-	370,000	-	1,942	-	-	1,942
Issuance of common stock upon settlement of restricted stock units	-	-	127,118	-	(272)	-	-	(272)
Stock-based compensation - restricted stock units	-	-	-	-	317	-	-	317
Stock-based compensation - stock options	-	-	-	-	1,045	-	-	1,045
Unrealized gain (loss) on marketable debt securities	-	-	-	-	-	-	(454)	(454)
Net income (loss)	-	-	-	-	-	(17,782)	-	(17,782)
Balance at March 31, 2026	4,644	$ -	55,055,582	$ 55	$ 501,718	$ (320,201)	$ (364)	$ 181,208
Issuance of common stock upon conversion of Series 1 Preferred Stock	(3,772)	-	3,773,586	4	(4)	-	-	-
Issuance of common stock upon exercise of stock options	-	-	215,687	-	412	-	-	412
Issuance of common stock upon settlement of restricted stock units	-	-	39,080	-	(26)	-	-	(26)
Stock-based compensation - restricted stock units	-	-	-	-	294	-	-	294
Stock-based compensation - stock options	-	-	-	-	1,090	-	-	1,090
Unrealized gain (loss) on marketable debt securities	-	-	-	-	-	-	1	1
Net income (loss)	-	-	-	-	-	(21,668)	-	(21,668)
Balance at June 30, 2026	872	$ -	59,083,935	$ 59	$ 503,484	$ (341,869)	$ (363)	$ 161,311
Issuance of common stock upon conversion of Series 1 Preferred Stock	(872)	-	872,181	1	(1)	-	-	-
Issuance of common stock upon settlement of restricted stock units	-	-	11,553	-	-	-	-	-
Stock-based compensation - restricted stock units	-	-	-	-	367	-	-	367
Stock-based compensation - stock options	-	-	-	-	1,220	-	-	1,220
Unrealized gain (loss) on marketable debt securities	-	-	-	-	-	-	(187)	(187)
Net income (loss)	-	-	-	-	-	(21,688)	-	(21,688)
Balance at September 30, 2026	-	$ -	59,967,669	$ 60	$ 505,070	$ (363,557)	$ (550)	$ 141,023

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

PROTARA THERAPEUTICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	For the Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income (loss)	$ (61,138)	$ (40,132)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	4,333	2,783
Operating lease right-of-use asset	866	803
Depreciation	233	269
Amortization of premium (Accretion of discount) on marketable debt securities	(530)	(928)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	1,333	(1,111)
Other assets	(3,259)	262
Accounts payable	1,920	689
Accrued expenses and other current liabilities	1,991	(1,223)
Operating lease liabilities	(923)	(827)
Net cash provided by (used in) operating activities	(55,174)	(39,415)
Cash flows from investing activities:		
Purchase of marketable debt securities	(74,868)	(141,923)
Proceeds from maturity and redemption of marketable debt securities	105,060	29,410
Purchase of property and equipment	(1,055)	(70)
Net cash provided by (used in) investing activities	29,137	(112,583)
Cash flows from financing activities:		
Proceeds from exercise of Underwriters' Option in December 2024 Public Offering, net of offering costs of $214	-	2,528
Offering costs paid in connection with public offerings	(526)	(614)
Proceeds from exercise of pre-funded warrants	-	1
Proceeds from exercise of common warrants	1,942	-
Taxes paid related to net share settlement of restricted stock units	(298)	(185)
Proceeds from exercise of stock options	412	21
Net cash provided by (used in) financing activities	1,530	1,751
Net increase (decrease) in cash and cash equivalents and restricted cash	(24,507)	(150,247)
Cash and cash equivalents and restricted cash - beginning of period	50,402	163,543
Cash and cash equivalents and restricted cash - end of period	$ 25,895	$ 13,296
Reconciliation of cash and cash equivalents and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	$ 25,150	$ 12,551
Restricted cash, non-current	745	745
Cash and cash equivalents and restricted cash	$ 25,895	$ 13,296

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

1. Organization and Nature of the Business

Overview

Protara Therapeutics, Inc., and its consolidated subsidiaries, or Protara or the Company, is a clinical-stage biopharmaceutical company committed to advancing transformative therapies for the treatment of cancer and rare diseases. Protara's portfolio includes two development programs utilizing TARA-002, an investigational cell therapy in development for the treatment of non-muscle invasive bladder cancer, or NMIBC, and lymphatic malformations, or LMs. Additionally, the Company's portfolio includes Intravenous, or IV, Choline Chloride, an investigational phospholipid substrate replacement therapy in development for patients receiving parenteral support, or PS.

Liquidity and Capital Resources

The Company is in the business of developing biopharmaceuticals and has no current or near-term revenues. The Company has incurred substantial clinical and other costs in its drug development efforts. The Company will need to raise additional capital in order to fully realize management's plans.

The Company believes that its current financial resources are sufficient to satisfy the Company's estimated liquidity needs for at least 12 months from the date of issuance of these unaudited condensed consolidated financial statements.

2. Summary of Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited consolidated financial statements and the notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the United States Securities and Exchange Commission, or SEC, on March 10, 2026, or the Annual Report on Form 10-K. There were no changes to the Company's significant accounting policies as described in the Annual Report on Form 10-K.

Basis of Presentation

The accompanying condensed consolidated financial statements and the related disclosures as of September 30, 2026 and for the three and nine months ended September 30, 2026 and 2025 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and the rules and regulations of the SEC, for interim financial statements. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These interim condensed consolidated financial statements should be read in conjunction with the 2025 audited consolidated financial statements and notes included in the Annual Report on Form 10-K. The December 31, 2025 consolidated balance sheet included herein was derived from the audited financial statements as of that date but does not include all disclosures including notes required by GAAP for complete financial statements. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the Company's financial position and results of operations for the three and nine months ended September 30, 2026 and 2025. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or any other interim period or future year or period.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in the accompanying condensed consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, 2024-03 – *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures*, which enhances the disclosures for various types of expenses. The standard is effective for public companies for annual periods beginning after December 15, 2026. Early adoption is available. The Company is still evaluating the full extent of the potential impact of the adoption of ASU 2024-03.

Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Other than as described below and in Note 10, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On November 4, 2026, the Company entered into an asset purchase agreement for manufacturing-related assets, including an assembled workforce, inventory, intellectual property, contracts, equipment, permits, regulatory documentation and records, for its product candidate, TARA-002, from Novex Innovations, LLC, or Novex, which closed simultaneously with the signing of the asset purchase agreement. Pursuant to the asset purchase agreement, the aggregate purchase price was $8,750, subject to certain credits and adjustments. The Company completed the acquisition to bring manufacturing in-house and secure dedicated manufacturing capacity ahead of a potential commercial launch. As part of the transaction, the Company also entered into certain ancillary agreements, including a transition services agreement, and a lease of a research and manufacturing facility with an affiliate of Novex.

The acquisition was completed subsequent to September 30, 2026 and, accordingly, is not reflected in the Company's unaudited condensed consolidated financial statements as of and for the three and nine months ended September 30, 2026.

Based on its preliminary assessment, the Company expects to account for the acquisition as a business combination using the acquisition method of accounting under Accounting Standard Codification, or ASC, 805, *Business Combinations*. Because the acquisition was completed shortly before the issuance of these financial statements, the Company has not completed its accounting analysis or valuation of the assets acquired. Accordingly, the purchase price allocation of the closing payment allocating the fair values of the assets acquired and the amount of goodwill, if any, resulting from the acquisition, and the supplemental pro forma financial information required by ASC 805 are not yet available.

3. Fair Value of Financial Instruments

The following tables present the Company's financial assets and liabilities that are measured and carried at fair value and indicate the level within the fair value hierarchy of valuation techniques it utilizes to determine such fair value. The accounting policies of fair value measurements are the same as those described in Part II, Item 8, "Financial Statements and Supplementary Data—Summary of Significant Accounting Policies" in the Company's Annual Report on Form 10-K:

	As of September 30, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents:				
Money market funds[(a)]	$ 24,659	$ -	$ -	$ 24,659
Restricted cash, non-current:				
Money market funds[(b)]	745	-	-	745
Marketable debt securities:				
Corporate bonds[(c)]	-	102,932	-	102,932
Commercial paper[(c)]	-	13,009	-	13,009
U.S. Treasury securities[(c)]	1,990	-	-	1,990
Total	$ 27,394	$ 115,941	$ -	$ 143,335

	As of December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents:				
Money market funds[(a)]	$ 45,355	$ -	$ -	$ 45,355
Corporate bonds[(a)]	-	3,704	-	3,704
Restricted cash, non-current:				
Money market funds[(b)]	745	-	-	745
Marketable debt securities:				
Corporate bonds[(c)]	-	125,682	-	125,682
U.S. Treasury securities[(c)]	22,551	-	-	22,551
Total	$ 68,651	$ 129,386	$ -	$ 198,037

(a) Money market funds and corporate bonds with original maturities of 90 days or less are included within cash and cash equivalents in the condensed consolidated balance sheets.

(b) Restricted money market funds are included within restricted cash, non-current in the condensed consolidated balance sheets.

(c) Corporate bonds, commercial paper and U.S. Treasury securities with original maturities greater than 90 days are included within marketable debt securities in the condensed consolidated balance sheets and classified as current or non-current based upon whether the maturity of the financial asset is less than or greater than 12 months.

Money market funds and U.S. Treasury securities are classified as Level 1 within the fair value hierarchy, because they are valued using quoted prices in active markets. Corporate bonds classified as Level 2 within the fair value hierarchy are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. Prices of these securities are obtained through independent, third-party pricing services and include market quotations that may include both observable and unobservable inputs. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments. There were no transfers of financial instruments among Level 1, Level 2, and Level 3 during the period presented.

Cash and cash equivalents, prepaid expenses and other current assets, accounts payable and accrued expenses and other current liabilities at September 30, 2026 and December 31, 2025 are carried at amounts that approximate fair value due to their short-term maturities.

4. Marketable Debt Securities

Marketable debt securities, all of which were classified as available-for-sale, consist of the following:

	As of September 30, 2026			
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
Marketable debt securities:				
Corporate bonds	$ 87,230	$ -	$ (329)	$ 86,901
Commercial paper	13,011	-	(2)	13,009
U.S. Treasury securities	2,000	-	(10)	1,990
Marketable debt securities, non-current:				
Corporate bonds	16,240	-	(209)	16,031
Total	$ 118,481	$ -	$ (550)	$ 117,931

	As of December 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Marketable debt securities:				
Corporate bonds	$ 83,291	$ 77	$ (22)	$ 83,346
U.S. Treasury securities	22,493	58	-	22,551
Marketable debt securities, non-current:				
Corporate bonds	42,359	11	(34)	42,336
Total	$ 148,143	$ 146	$ (56)	$ 148,233

The Company has recorded the securities at fair value in its condensed consolidated balance sheets and unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss). For the three and nine months ended September 30, 2026 and 2025 there were no realized gains or losses. Gains, if any, would be included in investment income within the condensed consolidated statements of operations and comprehensive loss.

All debt securities held at September 30, 2026 had remaining maturities of less than five years. There were no sales of securities in the periods presented.

Credit Losses

Securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of the excess, if any, is caused by expected credit losses.

Marketable debt securities in a loss position consist of the following:

	As of September 30, 2026					
	In Continuous Loss Position Less Than 12 Months		In Continuous Loss Position Greater Than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Marketable debt securities:						
Corporate bonds	$ 85,935	$ (329)	$ -	$ -	$ 85,935	$ (329)
Commercial paper	13,009	(2)	-	-	13,009	(2)
U.S. Treasury securities	1,990	(10)	-	-	1,990	(10)
Marketable debt securities, non-current:						
Corporate bonds	16,031	(209)	-	-	16,031	(209)
Total	$ 116,965	$ (550)	$ -	$ -	$ 116,965	$ (550)

	As of December 31, 2025					
	In Continuous Loss Position Less Than 12 Months		In Continuous Loss Position Greater Than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Marketable debt securities:						
Corporate bonds	$ 24,034	$ (22)	$ -	$ -	$ 24,034	$ (22)
Marketable debt securities, non-current:						
Corporate bonds	29,824	(34)	-	-	29,824	(34)
Total	$ 53,858	$ (56)	$ -	$ -	$ 53,858	$ (56)

As of September 30, 2026 and December 31, 2025, it was determined that there were no expected credit losses.

Interest and Investment Income (Expense)

Interest and investment income (expense) consist of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest income	$ 1,290	$ 1,058	$ 4,426	$ 3,836
Accretion of discount (Amortization of premium), net	172	437	525	992
Dividend income	4	7	18	29
Total	$ 1,466	$ 1,502	$ 4,969	$ 4,857

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	As of	
	September 30, 2026	December 31, 2025
Accrued interest on marketable debt securities	$ 1,059	$ 1,257
Prepaid research and development	769	1,926
Prepaid software	261	115
Prepaid insurance	127	355
Other prepaid expenses	382	232
Other current assets	19	65
Total	$ 2,617	$ 3,950

6. Other Assets

Other assets consist of the following:

	As of	
	September 30, 2026	December 31, 2025
Prepaid research and development, non-current	$ 6,149	$ 2,930
Other non-current assets	60	20
Total	$ 6,209	$ 2,950

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	As of	
	September 30, 2026	December 31, 2025
Employee costs	$ 3,602	$ 3,267
Research and development	3,274	2,683
Other expenses	1,344	279
Total	$ 8,220	$ 6,229

8. Leases

Operating leases

Leases classified as operating leases are included in operating lease right-of-use, or ROU, assets, operating lease liabilities and operating lease liabilities, non-current, in the Company's condensed consolidated balance sheets. Cash paid for operating lease liabilities during the nine months ended September 30, 2026 and 2025 was $1,072 and $1,038, respectively.

Lease expense consists of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating lease expense	$ 338	$ 338	$ 1,014	$ 1,014
Total	$ 338	$ 338	$ 1,014	$ 1,014

Variable lease expense for the three months ended September 30, 2026 and 2025 was $34 and $31, respectively. Variable lease expenses for the nine months ended September 30, 2026 and 2025 were $100 and $93, respectively.

The weighted average discount rate and weighted-average remaining lease term for operating leases were:

	As of September 30, 2026
Weighted-average discount rate	7.0%
Weighted-average remaining lease term – operating lease (in months)	23

As of September 30, 2026, the expected annual minimum lease payments of the Company's operating lease liabilities were as follows:

For the year ending December 31:	Operating Lease Payments
2026 (excluding the nine months ended September 30, 2026)	$ 357
2027	1,429
2028	718
2029	87
Thereafter	-
Total future operating lease payments	2,591
Less: imputed interest	(155)
Present value of future minimum lease payments	$ 2,436

9. Commitments and Contingencies

Commitments

The Company has commitments under certain license and collaboration agreements, lease agreements and employment agreements. Commitments under certain license agreements primarily include annual payments, payments upon the achievement of certain milestones and royalty payments based on net sales of licensed products. Commitments under lease agreements consist of future minimum lease payments for operating leases which are further described in Note 8 of this Quarterly Report on Form 10-Q.

Contingencies

From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the financial position of the Company or the results of its operations.

In the normal course of business, the Company enters into contracts in which it makes representations and warranties regarding the performance of its services and that its services will not infringe on third-party intellectual rights. There have been no significant events related to such representations and warranties in which the Company believes the outcome could result in losses or penalties in the future.

10. Stockholders' Equity

Common Stock

On June 12, 2026, the stockholders approved an amendment to the Company's sixth amended and restated certificate of incorporation to increase the number of authorized shares of common stock to 200,000,000 from 100,000,000.

As of September 30, 2026 and December 31, 2025, the Company had 200,000,000 and 100,000,000 shares of common stock authorized for issuance, respectively, $0.001 par value per share, of which 59,967,669 and 53,587,260 shares were issued and outstanding, respectively.

The holders of the Company's common stock are entitled to one vote per share.

On May 13, 2026, the Company entered into a sales agreement with TD Securities (USA) LLC, as sales agent, pursuant to which the Company may offer and sell, from time to time, shares of the Company's common stock having an aggregate offering price of up to $100,000, or the ATM Program. During the three and nine months ended September 30, 2026, the Company did not sell any shares under the ATM Program.

Preferred Stock

As of September 30, 2026 and December 31, 2025, the Company had 10,000,000 shares of preferred stock authorized for issuance, $0.001 par value per share, of which 8,028 shares of Series 1 Convertible Preferred Stock were authorized for issuance and 0 and 5,615 shares were issued and outstanding as of September 30, 2026 and December 31, 2025, respectively. Each share of Series 1 Convertible Preferred Stock is convertible into approximately 1,000 shares of common stock, at a conversion price initially equal to approximately $7.01 per common share, subject to certain adjustments as described in the certificate of designation of preferences, rights and limitations of Series 1 Convertible Preferred Stock.

During the three and nine months ended September 30, 2026, approximately 872 and 5,615 shares of Series 1 Convertible Preferred Stock, respectively, were converted into 872,181 and 5,616,971 shares of common stock, respectively.

The holders of Series 1 Convertible Preferred Stock are not entitled to vote.

Warrants

In connection with the April 2024 private placement, or the April 2024 Private Placement, the Company issued common warrants, or the April 2024 Common Warrants, to purchase an aggregate of up to 10,843,380 shares of the Company's common stock. Pursuant to the terms of issuance, the April 2024 Common Warrants were exercisable on or prior to the earlier of: (i) April 10, 2027 or (ii) 90 days after the public announcement that the Company has demonstrated a six-month complete response rate of minimum 42% from at least 25 BCG-Unresponsive (where BCG is defined as Bacillus Calmette-Guérin) patients in the ADVANCED-2 (Cohort B) clinical trial, at an exercise price of $5.25 per share. On March 30, 2026, the Company publicly announced that it had satisfied the condition set forth for fixing the termination date for exercise of the April 2024 Common Warrants, and as such, the unexercised April 2024 Common Warrants expired on June 29, 2026.

In connection with the April 2024 Private Placement, for certain purchasers, the Company issued pre-funded warrants, or the April 2024 Pre-Funded Warrants, to purchase an aggregate of up to 1,700,000 shares of the Company's common stock. The April 2024 Pre-Funded Warrants are exercisable at any time.

In connection with the December 2024 public offering, or the December 2024 Public Offering, for certain purchasers, the Company issued pre-funded warrants, or the December 2024 Pre-Funded Warrants, to purchase an aggregate of up to 2,325,372 shares of the Company's common stock. The December 2024 Pre-Funded Warrants are exercisable at any time.

The following is a summary of the activity of the Company's warrants to acquire shares of common stock for the nine months ended September 30, 2026:

Equity Instrument	Outstanding, December 31, 2025	Granted	Exercised	Expired	Outstanding, September 30, 2026	Exercise Price per Share
April 2024 Common Warrants	10,118,380	-	370,000	9,748,380	-	$ 5.250
April 2024 Pre-Funded Warrants	1,700,000	-	-	-	1,700,000	$ 0.001
December 2024 Pre-Funded Warrants	1,700,272	-	-	-	1,700,272	$ 0.001
Total	13,518,652	-	370,000	9,748,380	3,400,272	

Subsequent to September 30, 2026, 800,000 April 2024 Pre-Funded Warrants and 800,128 December 2024 Pre-Funded Warrants were exercised on a cashless basis. The Company issued 1,599,447 shares of common stock in connection with this exercise.

11. **Stock-Based Compensation**

2014 Equity Incentive Plan

On October 3, 2014, the stockholders approved the 2014 Equity Incentive Plan. On June 20, 2017, the Company's Board of Directors amended the 2014 Equity Incentive Plan, or the Amended and Restated 2014 Plan.

The Amended and Restated 2014 Plan, as amended, provides for the grant of incentive and non-statutory stock options, stock appreciation rights, restricted stock and stock unit awards, performance units, stock grants and qualified performance-based awards. The total number of shares authorized was 4,474,683 shares. As of June 7, 2024, in connection with the creation of the 2024 Equity Incentive Plan, or the 2024 Plan, no additional awards will be made under the Amended and Restated 2014 Plan, as amended.

As of September 30, 2026, there were 3,218,988 shares of common stock subject to outstanding awards under the Amended and Restated 2014 Plan, as amended.

2017 Equity Incentive Plan

On August 10, 2017, ArTara Subsidiary, Inc. (a predecessor of the Company), or Private ArTara, along with its Board of Directors and its stockholders approved the ArTara Therapeutics, Inc. 2017 Equity Incentive Plan, or the 2017 Plan, to enable Private ArTara and its affiliates to recruit and retain highly qualified personnel and to incentivize personnel for productivity and growth.

The total number of shares authorized under the 2017 Plan was 2,000,000 for the issuance of stock options, stock appreciation rights, restricted stock and restricted stock units, or RSUs, to among others, members of the Board of Directors, employees, consultants and service providers to the Company and its affiliates. As of January 9, 2020 no additional awards will be made under the 2017 Plan.

As of September 30, 2026, there were 134,328 shares of common stock subject to outstanding awards under the 2017 Plan.

2020 Inducement Plan

On March 26, 2020, the Compensation Committee of the Board of Directors, or the Compensation Committee, approved the 2020 Inducement Plan, or the 2020 Plan, in order to award non-statutory stock options, restricted stock awards, restricted stock unit awards and other stock-based awards to persons not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to such persons entering into employment with the Company. The Compensation Committee also adopted a form of stock option grant notice and stock option agreement and forms of restricted stock unit grant notice and restricted stock unit agreement for use with the 2020 Plan.

The 2020 Plan provided for a total of 600,000 shares for the issuance of the Company's common stock. On March 3, 2025, the Compensation Committee approved a Certificate of First Amendment to the 2020 Plan, or the Amended 2020 Plan, to increase the number of shares provided for under the Amended 2020 Plan by 600,000 shares to 1,200,000 shares.

As of September 30, 2026, there were 915,495 shares of common stock subject to outstanding awards and 238,790 shares of common stock available for future issuance under the Amended 2020 Plan.

2024 Equity Incentive Plan

On June 7, 2024, the stockholders approved the 2024 Plan. The 2024 Plan provided for the grant of 1,500,000 shares of common stock for stock options, stock appreciation rights, restricted stock, RSUs, performance units, performance shares and other stock and cash awards. On June 11, 2025, the stockholders approved an amendment to the 2024 Plan increasing the number of shares available for grant under the 2024 Plan by 2,800,000 shares to 4,300,000 shares. On June 12, 2026, the stockholders approved an amendment to the 2024 Plan, or the Amended 2024 Plan, increasing the number of shares available for grant under the Amended 2024 Plan by 5,000,000 shares to 9,300,000 shares.

Terms of the stock awards, including vesting requirements, are determined by the Board of Directors, or the Compensation Committee thereof, subject to the provisions of the Amended 2024 Plan.

As of September 30, 2026, there were 4,756,538 shares of common stock subject to outstanding awards and 4,466,939 shares of common stock available for future issuance under the Amended 2024 Plan.

2024 Employee Stock Purchase Plan

On June 7, 2024, the stockholders of the Company approved the 2024 Employee Stock Purchase Plan, or the 2024 ESPP. The number of shares authorized under the 2024 ESPP is 1,000,000.

As of September 30, 2026, the number of shares available for issuance under the 2024 ESPP was 1,000,000. During the three and nine months ended September 30, 2026, no shares were issued under the 2024 ESPP.

Restricted Stock Units

The following table summarizes restricted stock unit activity for the nine months ended September 30, 2026:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested as of December 31, 2025	571,145	$ 3.57
Granted	621,180	4.72
Forfeited	(97,014)	4.36
Vested	(229,028)	3.35
Non-vested as of September 30, 2026	866,283	$ 4.36

The fair value of RSUs is amortized on a straight-line basis over the requisite service period of the respective awards. As of September 30, 2026, the unamortized value of RSUs was $2,897. As of September 30, 2026, the weighted average remaining amortization period was 2.04 years. As of September 30, 2026 and December 31, 2025, 289,500 RSUs have vested but have not yet been settled into shares of the Company's common stock.

During the nine months ended September 30, 2026, the Company issued 177,751 shares of the Company's common stock from the net settlement of 229,028 RSUs. The Company paid $298 in connection with the net share settlement of these RSUs.

Stock Options

The following table summarizes stock option activity for the nine months ended September 30, 2026:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value[(1)]
Outstanding as of December 31, 2025	5,693,891	$ 6.30	7.51	$ 8,982
Granted	2,778,960	4.74		
Exercised	(215,687)	1.91		
Forfeited	(343,848)	4.58		
Expired	(43,750)	4.17		
Outstanding as of September 30, 2026	7,869,566	$ 5.96	7.36	$ 1,092
Vested and expected to vest at September 30, 2026	7,869,566	$ 5.96	7.36	$ 1,092
Exercisable as of September 30, 2026	3,865,117	7.65	6.16	650

(1) Aggregate intrinsic value represents the difference between the exercise price of the option and the closing market price of our common stock on the date of measurement. The intrinsic value of options exercised during the nine months ended September 30, 2026 was $485.

The weighted average grant date fair value per share of the options granted during the nine months ended September 30, 2026 and 2025 was $3.35 and $2.99, respectively. As of September 30, 2026, there was approximately $10,864 of unrecognized stock-based compensation for unvested stock option grants, which is expected to be recognized over a weighted average period of 2.69 years. The total unrecognized stock-based compensation cost will be adjusted for actual forfeitures as they occur.

Summary of Stock-Based Compensation Expense

The following tables summarize total stock-based compensation costs recognized:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock options	$ 1,220	$ 851	$ 3,355	$ 2,299
Restricted stock units	367	196	978	484
Total	$ 1,587	$ 1,047	$ 4,333	$ 2,783

Stock-based compensation expense was reflected within the condensed consolidated statements of operations and comprehensive loss as:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
General and administrative	$ 1,099	$ 791	$ 3,069	$ 2,110
Research and development	488	256	1,264	673
Total	$ 1,587	$ 1,047	$ 4,333	$ 2,783

12. Net Income (Loss) per Common Share

The following table sets forth the computation of the net income (loss) per share attributable to common stockholders, basic and diluted:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator				
Net income (loss) attributable to common stockholders	$ (21,688)	$ (13,258)	$ (61,138)	$ (40,132)
Denominator				
Weighted-average shares of common stock outstanding, basic and diluted	62,850,743	42,272,104	60,484,905	41,756,028
Net income (loss) per share attributable to common stockholders, basic and diluted	$ (0.35)	$ (0.31)	$ (1.01)	$ (0.96)

The weighted-average number of shares of common stock outstanding during the period includes any contingently issuable shares for which there is no circumstance under which those shares would not be issued and shares issuable upon the exercise of warrants to purchase common stock for no or nominal consideration. This includes 289,500 RSUs that have vested but that have not yet been settled into shares of the Company's common stock, 1,700,000 April 2024 Pre-Funded Warrants and 1,700,272 December 2024 Pre-Funded Warrants.

Since the Company was in a net loss position for all periods presented, net income (loss) per share attributable to common stockholders was the same, on a basic and diluted basis, as the inclusion of all potential common equivalent shares outstanding would have been anti-dilutive. The Company excluded the following potential shares of common stock, presented based on amounts outstanding at each period end, from the computation of diluted net income (loss) per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	As of September 30,	
	2026	**2025**
Potentially dilutive shares:		
Stock options	7,869,566	5,642,691
Restricted stock units	866,283	555,245
Series 1 Convertible Preferred Stock	-	5,616,973
April 2024 Common Warrants	-	10,118,380
Total	8,735,849	21,933,289

13. Segment Information

The Company's Chief Executive Officer is the chief operating decision maker, or CODM. The CODM allocates resources and assesses performance of the Company's single reportable segment by regularly reviewing the segment net income (loss) that also is reported on the condensed consolidated statements of operations and comprehensive loss as consolidated net income (loss). The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table sets forth information about the Company's single reportable segment and the significant expenses reviewed by the CODM, including a reconciliation to consolidated net income (loss):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Research and development expenses:				
TARA-002 in NMIBC	$ 6,927	$ 3,671	$ 19,613	$ 12,126
TARA-002 in LMs	700	816	2,360	1,842
IV Choline Chloride	3,014	1,751	7,960	6,118
Other research and development	5,676	3,097	16,125	8,750
General and administrative expenses	5,250	4,378	15,716	13,851
Stock-based compensation expense	1,587	1,047	4,333	2,783
Income (Loss) from operations	(23,154)	(14,760)	(66,107)	(45,470)
Other income (expense), net	1,466	1,502	4,969	5,338
Segment net income (loss)	(21,688)	(13,258)	(61,138)	(40,132)
Adjustments and reconciling items				
Net income (loss)	$ (21,688)	$ (13,258)	$ (61,138)	$ (40,132)

Other research and development expenses consist of personnel-related expenses as well as other external research and development expenses that are not directly attributable to a specific program.

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

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K, our actual results could differ materially from the results described in, or implied by, the forward-looking statements contained in the following discussion and analysis.

Overview

We are a New York City based clinical-stage biopharmaceutical company committed to advancing transformative therapies for the treatment of cancer and rare diseases. We were founded on the principle of applying modern scientific, regulatory or manufacturing advancements to established mechanisms in order to create new development opportunities. We prioritize creativity, integrity and tenacity to expedite our goal of bringing life-changing therapies to people with limited treatment options.

Our portfolio includes two development programs utilizing TARA-002, an investigational cell therapy based on the broad immunopotentiator, OK-432, which was originally granted marketing approval by the Japanese Ministry of Health and Welfare as an immunopotentiating cancer therapeutic agent. This cell therapy is currently approved in Japan and Taiwan for lymphatic malformations, or LMs, and multiple oncologic indications. We have secured worldwide rights to the asset excluding Japan and Taiwan and are exploring its use in oncology and rare disease indications. TARA-002 was developed from the same master cell bank of genetically distinct group A Streptococcus pyogenes as OK-432 (marketed as Picibanil® in Japan by Chugai Pharmaceutical Co., Ltd., or Chugai Pharmaceutical). We are currently developing TARA-002 in non-muscle invasive bladder cancer, or NMIBC, and LMs. We are also pursuing Intravenous, or IV, Choline Chloride, an investigational phospholipid substrate replacement therapy, for patients receiving parenteral support, or PS, which includes both nutrition and fluids.

We have devoted substantial efforts to the development of our programs and do not have any approved products and, to date, have not generated any revenues from product sales. Neither TARA-002 nor IV Choline Chloride have been approved by the U.S. Food and Drug Administration, or FDA, or other comparable regulatory authorities for use for any indications. We do not expect to generate revenues in the near-term, and it is possible we may never generate revenues in the future. To finance our current strategic plans, including the conduct of ongoing and future clinical trials and further research and development costs, we will need to raise additional capital. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for additional information about our liquidity and capital resource needs.

In November 2026, we entered into an asset purchase agreement with Novex Innovations, LLC, or Novex, for TARA-002 manufacturing-related assets for an aggregate purchase price of $8.75 million. Novex has manufactured TARA-002 for us since 2019 under a Manufacturing Services Agreement. We completed the acquisition to bring manufacturing in-house and secure dedicated manufacturing capacity ahead of a potential commercial launch. The transaction included an assembled workforce, inventory, intellectual property, contracts, equipment, permits, regulatory documentation and records. We also entered into certain ancillary agreements including a transition services agreement and a lease for a research and manufacturing facility.

Since inception, we have incurred significant operating losses. As of September 30, 2026, we had an accumulated deficit of approximately $363.6 million. We expect to continue to incur significant expenses and increasing operating losses for at least the next few years as we continue our development of, and seek marketing approvals for, our product candidates, prepare for and begin the commercialization of any approved products, and add infrastructure and personnel to support our product development efforts and operations as a public company in the United States.

As a clinical-stage company, our expenses and results of operations are likely to fluctuate significantly from quarter-to-quarter and year-to-year. We believe that our period-to-period comparisons of our results of operations should not be relied upon as indicative of our future performance.

As of September 30, 2026, we had approximately $143.1 million in unrestricted cash and cash equivalents and marketable debt securities.

TARA-002 in NMIBC

Our lead oncology program is TARA-002 in NMIBC, which is cancer found in the tissue that lines the inner surface of the bladder that has not spread into the bladder muscle. Bladder cancer is the sixth most common cancer in the U.S., with NMIBC representing approximately 80% of bladder cancer diagnoses. Approximately 65,000 patients are diagnosed with NMIBC in the U.S. each year. Very few new therapeutics have been approved for NMIBC since the 1990s and the current standard of care for NMIBC includes intravesical Bacillus Calmette-Guérin, or BCG.

Following the completion of our Phase 1a ADVANCED-1 and Phase 1b ADVANCED-1EXP trials in October 2024 and September 2024, respectively, to evaluate safety, preliminary efficacy and the dosing of TARA-002, at the 40KE (Klinische Einheit, or KE, is a German term indicating a specified weight of dried cells in vial) dose level, we initiated and are currently conducting our ADVANCED-2 clinical trial. ADVANCED-2 is a Phase 2 open-label clinical trial evaluating intravesical TARA-002 in patients with high-grade carcinoma in situ, or CIS. Cohort A of the Phase 2 trial has completed enrollment and enrolled 31 patients with CIS (± Ta/T1, with Ta defined as non-invasive papillary carcinoma and T1 defined as carcinoma invading the lamina propria) who are either BCG-Naïve or BCG-Exposed and who have not received intravesical BCG for at least 24 months prior to CIS diagnosis. Cohort B of the Phase 2 trial is expected to enroll 75 to 100 patients with BCG-Unresponsive CIS (± Ta/T1) and is designed to be registrational based on the FDA's August 2024 Draft Guidance for Industry on BCG-Unresponsive Nonmuscle Invasive Bladder Cancer: Developing Drugs and Biological Products for Treatment. Trial subjects in ADVANCED-2 receive an induction course, with or without a reinduction, of six weekly intravesical instillations of TARA-002, followed by a maintenance course of three weekly instillations every three months.

In February 2026, we presented updated interim data from our ongoing Phase 2 open-label ADVANCED-2 trial reporting results that continue to support TARA-002's potential as a new therapy in the NMIBC treatment landscape and demonstrating meaningful and durable activity in BCG-Unresponsive and BCG-Naïve NMIBC patients.

The dataset includes 43 BCG-Unresponsive patients and 31 BCG-Naïve patients who received at least one dose of TARA-002; 35 BCG-Unresponsive patients and 29 BCG-Naïve patients completed at least one response assessment and were evaluable for efficacy as of a January 28, 2026 data cutoff. Complete response, or CR, rates at the six months and 12 months landmark time points include all participants who were either evaluable at that time point or had experienced disease progression or treatment failure prior to the scheduled visit.

For the BCG-Unresponsive cohort, the CR rate at any time was 65.7% (23/35). The CR rate was 68.2% (15/22) at six months and 33.3% (5/15) at 12 months. Among responders, the Kaplan-Meier, or KM, estimated probability of maintaining a CR for six months was 71.1% (95% confidence interval, or CI: 46.7, 95.5), and 100% (5/5) maintained their CR from nine to 12 months. Re-induction therapy successfully converted 61.5% (8/13) non-responders to a CR at six months.

For the BCG-Naïve cohort, the CR rate at any time was 72.4% (21/29). The CR rate was 66.7% (18/27) at six months and 57.9% (11/19) at 12 months. Among responders, the KM estimated probability of maintaining a CR for six months was 73.1% (95% CI: 52.9, 93.4), and 100% (11/11) maintained their CR from nine to 12 months. Re-induction therapy successfully converted 66.7% (4/6) non-responders to a CR at six months.

The majority of treatment-related adverse events, or TRAEs, were Grade 1 and transient with no Grade 3 or greater TRAEs and no related serious adverse events, or SAEs, as assessed by study investigators. No patients discontinued treatment due to TRAEs. The most commonly occurring TRAEs were dysuria (14%), bladder spasm (9%), fatigue (7%) and micturition urgency (5%).

In March 2026, we announced that we have received confirmation on the six-month CR rate of the 25th BCG-Unresponsive patient in our ongoing Phase 2 open-label ADVANCED-2 trial of TARA-002 in patients with CIS (± Ta/T1) NMIBC. The average six-month CR rate in the 25 BCG-Unresponsive patients was 68.0%, which was consistent with the 68.2% CR rate at six months that was announced by us in February 2026, and was meaningfully above 41.9%.

In May 2026, we presented additional updated interim data from our ongoing Phase 2 open-label ADVANCED-2 trial demonstrating meaningful and durable activity in BCG-Naïve NMIBC patients. The dataset included a total of 31 patients of whom 29 were evaluable for efficacy, with 27 patients evaluable at six months and 20 patients evaluable at 12 months, as of an April 5, 2026 data cutoff. The CR rate at any time was 72.4% (21/29). The CR rate was 66.7% (18/27) at six months and 55.0% (11/20) at 12 months. Among responders, the KM estimated probability of maintaining a CR for six months was 73.1% (95% CI: 52.9, 93.4). 91.7% (11/12) maintained their CR from nine to 12 months and 66.7% (4/6) of re-induced patients converted to a CR at six months.

The majority of TRAEs were Grade 1 and transient, with no Grade 3 or greater TRAEs reported, as assessed by study investigators. No patients discontinued treatment due to TRAEs. The most commonly reported TRAEs were dysuria, fatigue, and hematuria.

We expect to complete enrollment of the BCG-Unresponsive registrational cohort of the ADVANCED-2 trial by the end of 2026. Enrollment is complete in the BCG-Naïve cohort of the ADVANCED-2 trial with 31 patients.

We initiated our ADVANCED-3 trial in June 2026 and subsequently announced our intent to redesign the ongoing ADVANCED-3 trial during the third quarter of 2026. The redesigned ADVANCED-3 trial is expected to be a multi-cohort, open-label trial evaluating the efficacy and safety of intravesical TARA-002 in BCG-Naïve and BCG-Exposed CIS (± Ta/T1) and high-grade, high-risk, or HG-HR, papillary (Ta/T1) patients across BCG exposures. The trial is intended to generate a broad body of clinical evidence across HG-HR NMIBC patients. We believe this positions TARA-002 to benefit from the FDA's recent approach to expand the label of a previously approved product for BCG-Unresponsive CIS NMIBC to include HG-HR BCG-Unresponsive papillary disease based on a single-arm trial.

In addition to our existing clinical trials in NMIBC, we plan to continue to explore the anti-tumor activity related to the administration of TARA-002 via systemic administration. We continue to believe that combination therapy may play a meaningful role in the NMIBC treatment paradigm and intend to evaluate TARA-002 in combination with other therapies. Given what we have observed to date of TARA-002's mechanism of action and safety profile, we believe it has strong potential as a combination agent, and we continue to evaluate potential combination therapy options for our clinical program. We also continue to conduct non-clinical studies on TARA-002 to better characterize the mechanism of action to help us understand how TARA-002 may perform in potential combinations with other agents used to treat NMIBC, and to help us define other cancer targets for TARA-002, both within urothelial cancer and other types of cancer affecting different parts of the body.

IV Choline Chloride for Patients on PS

We are also pursuing IV Choline Chloride, an investigational phospholipid substrate replacement therapy, for patients receiving PS which includes both nutrition and fluids. Choline is a known important substrate for phospholipids that are critical for healthy liver function and also plays an important role in modulating gene expression, cell membrane signaling, brain development, neurotransmission, muscle function and bone health. PS patients are unable to synthesize choline from enteral nutrition sources, and there are currently no available PS formulations containing choline. Every year in the U.S. there are approximately 90,000 people who require PS at home and of those approximately 30,000 are on long-term PS. IV Choline Chloride has the potential to become the first FDA-approved IV choline formulation for PS patients.

An IV formulation of choline is recommended for patients on parenteral nutrition, or PN, by the American Society for Parenteral and Enteral Nutrition, or ASPEN, in their Recommendations for Changes in Commercially Available Parenteral Multivitamin and Multi–Trace Element Products, as well as by the European Society for Clinical Nutrition and Metabolism, or ESPEN, in their Guideline on Home Parenteral Nutrition. IV Choline Chloride has been granted Orphan Drug Designation, or ODD, by the FDA for the prevention and/or treatment of choline deficiency in patients on long-term PN. The FDA has also granted IV Choline Chloride Fast Track Designation, or FTD, as a source of choline when oral or enteral nutrition is not possible, insufficient, or contraindicated. The U.S. Patent and Trademark Office, or USPTO, has issued us a U.S. patent claiming a choline composition and a U.S. patent claiming a method of treating choline deficiency with a choline composition, each with a term expiring in 2041.

In April 2024, we announced alignment with the FDA on a registrational path forward for IV Choline Chloride. Previously, we had been pursuing an indication in intestinal failure-associated liver disease, or IFALD, and following feedback from the FDA, are pursuing a broader indication as a source of choline when oral or enteral nutrition is not possible, insufficient, or contraindicated. Feedback from the FDA on our IV Choline Chloride program indicated that a single study with an endpoint of restoring choline levels in PS patients could serve as the basis for a regulatory submission for IV Choline Chloride.

In January 2026, we initiated THRIVE-3, a registrational Phase 3 clinical trial. THRIVE-3 is a seamless Phase 2b/3 trial with a dose confirmation portion (n=24) followed by a double-blinded, randomized, placebo-controlled portion to assess the efficacy and safety of IV Choline Chloride over 24 weeks in adolescents and adults on long-term PS when oral or enteral nutrition is not possible, insufficient, or contraindicated (n=100). The primary endpoint of the clinical trial is a pharmacokinetic, or PK, endpoint measuring the change from baseline in plasma choline concentration. We also plan to include a number of secondary endpoints related to liver, bone and memory. In October 2026, we announced that we completed enrollment of the Phase 2b, open-label dose confirmation phase of the THRIVE-3 clinical trial, which includes 24 patients. We anticipate reporting interim results from the dose-confirmation portion of the trial in the fourth quarter of 2026.

TARA-002 in LMs

We are also pursuing TARA-002 in macrocystic and mixed-cystic LMs, which are rare, non-malignant cysts of the lymphatic vascular system that primarily form in the head and neck region of children before the age of two. In addition to the clinical experience in Japan, we have secured the rights to a dataset from one of the largest ever conducted Phase 2 trials in LMs, in which OK-432 was administered via a compassionate use program led by the University of Iowa to over 500 pediatric and adult patients. In July 2020, the FDA granted Rare Pediatric Disease Designation, or RPDD, for TARA-002 for the treatment of LMs and in May 2022 the European Commission granted Orphan Medicinal Product Designation to TARA-002 for the treatment of LMs. In December 2025, the FDA granted both FDA Breakthrough Therapy Designation, or BTD, and FTD for TARA-002 for the treatment of macrocystic and mixed cystic LMs in pediatric patients. In April 2026, the FDA granted ODD to TARA-002 for the treatment of macrocystic LMs and mixed cystic LMs. We have an open investigational new drug application, or IND, for TARA-002 in LMs and the review of TARA-002 has been moved from the Office of Vaccines Research and Review to the Office of Therapeutic Products, or OTP, which has significant experience in pediatric rare disease and is the review division for TARA-002 in NMIBC.

In October 2023, we initiated STARBORN-1, which is a Phase 2 single-arm, open-label, prospective clinical trial to evaluate the safety and efficacy of intracystic injection of TARA-002 for the treatment of macrocystic and mixed-cystic LMs (≥ 50% macrocystic disease) in participants six months to less than 18 years of age in the U.S. Including an age de-escalation safety lead-in, the clinical trial will enroll approximately 30 patients who will receive up to four injections of TARA-002 spaced approximately six weeks apart. The primary endpoint of the clinical trial is the proportion of participants with macrocystic LMs and mixed-cystic LMs who demonstrated clinical success, defined as having either a CR (90% to 100% reduction from baseline in total LM volume) or substantial response (60% to less than 90% reduction in total LM volume) as measured by axial imaging.

In November 2025, we announced interim results from our ongoing Phase 2 STARBORN-1 trial evaluating TARA-002 in pediatric patients with macrocystic and mixed cystic LMs. As of the data cutoff date of November 12, 2025, 12 patients had received at least one dose of TARA-002. Of the eight patients who were evaluable at the eight-week post-treatment assessment, 100% achieved clinical success. 88% of patients achieved clinical success with just one or two doses of TARA-002. Among macrocystic patients, 83% (5/6) achieved a CR, and the only mixed cystic patient treated also achieved a CR. Two patients who reached the 32-week post-treatment assessment remain disease-free.

The safety profile of TARA-002 in this trial has been favorable, with the majority of adverse events, or AEs, being mild to moderate in severity. No SAEs were reported. The most common AEs were swelling and fatigue, and only one patient discontinued treatment due to a Grade 2 AE of fatigue.

These results underscore the potential of TARA-002 to address an unmet need for pediatric patients with LMs, for whom there are currently no approved therapies. Many patients currently rely on invasive surgical procedures or off-label use of chemotherapies and chemicals, which can be associated with high complication rates and challenging side effects, particularly in pediatric populations.

In May 2026, we presented updated interim safety and durability data from STARBORN-1 at the International Society for the Study of Vascular Anomalies World Congress in Philadelphia, Pennsylvania. As of an April 10, 2026 data cutoff, TARA-002 demonstrated clinical success in 83% (10/12) of participants that completed treatment and in 100% (10/10) of evaluable patients. All seven participants that reached the 32-week post-treatment assessment remained disease free as of the data cutoff. The majority of AEs were mild to moderate, with no serious AEs reported. The most common AEs were swelling and fatigue, and most were transient and resolved within a few days.

We intend to provide an update on STARBORN-1 and complete enrollment of STARBORN-1 early in the first quarter of 2027. Based on engagement with the FDA, we intend to initiate a rolling Biologics License Application, or BLA, for TARA-002 in LMs based on the results of the pivotal STARBORN-1 trial in the second half of 2027 and will continue to submit safety and efficacy data from the trial on an ongoing basis to support the FDA's evaluation of the risks and benefits of TARA-002 in LMs.

Other Potential Opportunities

We believe TARA-002 may also have the potential to be used to treat other maxillofacial cysts based on the historical literature from the TARA-002 predecessor, OK-432, as well as recent data from the STARBORN-1 trial in which the one pediatric patient with a ranula achieved a CR after a single 1KE injection of TARA-002. While completing STARBORN-1 in LMs is our priority, we believe there may be an opportunity in the future to explore the potential of TARA-002 to treat different types of maxillofacial cysts.

Financial Overview

Research and Development

Research and development expenses consist primarily of costs incurred for the development of our current and potential future product candidates, which include personnel-related expenses, including salaries, benefits, travel and stock-based compensation expense, external expenses incurred under agreements with contract research organizations, or CROs, contract development and manufacturing organizations, or CDMOs, the cost of acquiring, developing and manufacturing clinical trial materials, clinical and non-clinical related costs and costs associated with regulatory operations and facilities, which includes depreciation and other expenses such as rent, maintenance and other supplies.

General and Administrative

General and administrative expenses consist primarily of personnel-related costs, including salaries, benefits, travel expenses and stock-based compensation, for executive management and other administrative personnel. General and administrative expenses also include professional fees for legal, investor relations, consulting, auditing and accounting services, business and market development activities, as well as costs related to human resources, information technology and facilities. In addition, these expenses include costs associated with operating as a public company, such as expenses related to our Nasdaq Global Market, or Nasdaq, listing and the United States Securities and Exchange Commission, or SEC, compliance and director and officer liability insurance premiums.

Other Income (Expense), net

Other income (expense), net consists of interest and investment income (expense) and other income (expense). Interest and investment income (expense) consists of interest and dividend income on our cash and cash equivalents and marketable debt securities and amortization of premiums and/or accretion of discounts. Other income (expense) may also include non-operating items, such as refundable tax credits and other miscellaneous income not related to our core operating activities.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and other market-specific or other relevant assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from those estimates or assumptions.

Our critical accounting policy is the accounting for accrued research and development expenses. We record accruals for estimated costs of research, preclinical, non-clinical, clinical and manufacturing development within accrued expenses which are significant components of research and development expenses. A substantial portion of our ongoing research and development activities are conducted by third-party service providers. We accrue costs incurred under these third-party arrangements based on estimates of actual work completed in accordance with the respective agreements. We determine the estimated costs to accrue through discussions with internal personnel and our external service providers as to the percentage of completion of the services and the agreed-upon fees to be paid for such services. Payments made to third parties under these arrangements in advance of performance of the related services are recorded as prepaid expenses until the services are rendered.

It is important that the discussion of our operating results that follow be read in conjunction with our accounting policies which have been disclosed in our Annual Report on Form 10-K filed with the SEC on March 10, 2026.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following table summarizes our results of operations (in thousands):

	For the Three Months Ended September 30,		Period-to-Period
	2026	2025	Change
Operating expenses:			
Research and development	$ 16,805	$ 9,591	$ 7,214
General and administrative	6,349	5,169	1,180
Total operating expenses	23,154	14,760	8,394
Income (Loss) from operations	(23,154)	(14,760)	(8,394)
Other income (expense), net:			
Interest and investment income (expense)	1,466	1,502	(36)
Other income (expense), net	1,466	1,502	(36)
Net income (loss)	$ (21,688)	$ (13,258)	$ (8,430)

Research and development expenses

The following table summarizes our research and development expenses (in thousands):

	For the Three Months Ended September 30,		Period-to-Period
	2026	2025	Change
Direct expenses by product candidate:			
TARA-002 in NMIBC	$ 6,927	$ 3,671	$ 3,256
TARA-002 in LMs	700	816	(116)
IV Choline Chloride	3,014	1,751	1,263
Total direct expenses by product candidate	10,641	6,238	4,403
Indirect research and development expenses	6,164	3,353	2,811
Total	$ 16,805	$ 9,591	$ 7,214

Research and development expenses were $16.8 million for the three months ended September 30, 2026, which represented an increase of approximately $7.2 million as compared to the three months ended September 30, 2025. This increase was primarily due to a $4.4 million increase in direct expenses for our product candidates and a $2.8 million increase in indirect expenses. The increase in direct expenses was primarily due to higher ongoing costs associated with all of our ongoing clinical trials. The increase in indirect expenses was primarily due to a $2.0 million increase in personnel-related expenses and a $0.8 million increase in research and development expenses not directly attributable to one specific product candidate, primarily related to TARA-002 chemistry, manufacturing and controls, or CMC, related activities.

General and administrative expenses

The following table summarizes our general and administrative expenses (in thousands):

	For the Three Months Ended September 30,		Period-to-Period
	2026	2025	Change
Personnel-related expenses, including stock-based compensation	$ 3,486	$ 2,885	$ 601
Other general and administrative expenses	2,863	2,284	579
Total	$ 6,349	$ 5,169	$ 1,180

General and administrative expenses were $6.3 million for the three months ended September 30, 2026, which represented an increase of approximately $1.2 million as compared to the three months ended September 30, 2025. This increase was primarily due to an increase of $0.6 million in personnel-related expenses and an increase of $0.6 million in other general and administrative expenses.

Other income (expense), net

Other income (expense), net was $1.5 million for each of the three months ended September 30, 2026 and 2025.

Comparison of the Nine Months Ended September 30, 2026 and 2025

The following table summarizes our results of operations (in thousands):

	For the Nine Months Ended September 30,		Period-to-Period
	2026	2025	Change
Operating expenses:			
Research and development	$ 47,322	$ 29,509	$ 17,813
General and administrative	18,785	15,961	2,824
Total operating expenses	66,107	45,470	20,637
Income (Loss) from operations	(66,107)	(45,470)	(20,637)
Other income (expense), net:			
Interest and investment income (expense)	4,969	4,857	112
Other income (expense)	-	481	(481)
Other income (expense), net	4,969	5,338	(369)
Net income (loss)	$ (61,138)	$ (40,132)	$ (21,006)

Research and development expenses

The following table summarizes our research and development expenses (in thousands):

	For the Nine Months Ended September 30,		Period-to-Period
	2026	2025	Change
Direct expenses by product candidate:			
TARA-002 in NMIBC	$ 19,613	$ 12,126	$ 7,487
TARA-002 in LMs	2,360	1,842	518
IV Choline Chloride	7,960	6,118	1,842
Total direct expenses by product candidate	29,933	20,086	9,847
Indirect research and development expenses	17,389	9,423	7,966
Total	$ 47,322	$ 29,509	$ 17,813

Research and development expenses were $47.3 million for the nine months ended September 30, 2026, which represented an increase of approximately $17.8 million as compared to the nine months ended September 30, 2025. This increase was primarily due to a $9.8 million increase in direct expenses for our product candidates and a $8.0 million increase in indirect expenses. The increase in direct expenses was primarily due to higher ongoing costs associated with all of our ongoing clinical trials. The increase in indirect expenses was primarily due to a $5.3 million increase in personnel-related expenses and a $2.7 million increase in research and development expenses not directly attributable to one specific product candidate, primarily related to TARA-002 CMC related activities.

General and administrative expenses

The following table summarizes our general and administrative expenses (in thousands):

	For the Nine Months Ended September 30,		Period-to-Period
	2026	2025	Change
Personnel-related expenses, including stock-based compensation	$ 10,304	$ 8,135	$ 2,169
Other general and administrative expenses	8,481	7,826	655
Total	$ 18,785	$ 15,961	$ 2,824

General and administrative expenses were $18.8 million for the nine months ended September 30, 2026, which represented an increase of approximately $2.8 million as compared to the nine months ended September 30, 2025. This increase was primarily due to an increase of $2.2 million in personnel-related expenses, as well as an increase of $0.7 million in other general and administrative expenses.

Other income (expense), net

Other income (expense), net was $5.0 million for the nine months ended September 30, 2026, which represented a decrease of approximately $0.4 million as compared to the nine months ended September 30, 2025. The decrease was driven by a $0.5 million decrease in other income (expense) due to nonrecurring refundable tax credits received in the nine months ended September 30, 2025, offset by a $0.1 million increase in interest and investment income in the nine months ended September 30, 2026.

Liquidity and Capital Resources

Overview

As of September 30, 2026 and December 31, 2025, our unrestricted cash and cash equivalents, and marketable debt securities were $143.1 million and $197.9 million, respectively. We have not generated revenues since our inception and have incurred net losses of $61.1 million and $40.1 million for the nine months ended September 30, 2026 and 2025, respectively, and $21.7 million and $13.3 million for the three months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had working capital of $115.3 million and stockholders' equity of $141.0 million. During the nine months ended September 30, 2026, net cash flows used in operating activities were $55.2 million, consisting primarily of a net loss of $61.1 million including non-cash expenses of $4.9 million. These uses of cash were offset by net cash provided by changes in operating assets and liabilities of $1.1 million. Since inception, we have met our liquidity requirements principally through the sale of our common stock, preferred stock and pre-funded warrants in private placements and public offerings.

On November 3, 2023, we filed a shelf registration statement on Form S-3, or the Shelf Registration Statement, which became effective in November 2023. The Shelf Registration Statement permits the offering, issuance and sale by us of up to a maximum aggregate offering price of $300.0 million of common stock, preferred stock, debt securities and warrants in one or more offerings and in any combination. In December 2024, we sold and issued approximately $102.8 million in gross proceeds of common stock and pre-funded warrants in a public offering under the Shelf Registration Statement. The net proceeds were approximately $95.9 million. In December 2025, we sold and issued approximately $86.3 million in gross proceeds of common stock in a public offering under the Shelf Registration Statement. The net proceeds were approximately $80.4 million. The remaining unsold securities under this shelf were rolled into a new shelf filed in May 2026 as described below.

On May 14, 2026, we filed a shelf registration statement on Form S-3, or the 2026 Shelf Registration Statement, which became effective in May 2026. The 2026 Shelf Registration Statement permits the offering, issuance and sale by us of up to a maximum aggregate offering price of $300.0 million in common stock, preferred stock, debt securities and warrants in one or more offerings and in any combination. In May 2026, we entered into a sales agreement with TD Securities (USA) LLC, as sales agent, pursuant to which we may offer and sell, from time to time, shares of the Company's common stock having an aggregate offering price of up to $100.0 million, or the ATM Program. As of September 30, 2026, no shares have been sold under the ATM Program.

As part of the April 2024 Private Placement, purchasers were offered common warrants. Through June 29, 2026, common warrants exercised resulted in $5.7 million in proceeds. The remaining unexercised common warrants expired on June 29, 2026.

We are in the business of developing biopharmaceuticals and have no current or near-term revenues. We have incurred substantial clinical and other costs in our drug development efforts. We will need to raise additional capital in order to fully realize management's plans.

We believe that our current financial resources are sufficient to satisfy our estimated liquidity needs for at least 12 months from the date of issuance of our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

As a result of volatility in the capital markets, economic conditions, general global economic uncertainty, political and regulatory change, global pandemics and other factors, we do not know whether additional capital will be available when needed, or that, if available, we will be able to obtain additional capital on reasonable terms. If we are unable to raise additional capital due to volatile global financial markets, general economic uncertainty or other factors, we may need to curtail planned development activities. Interest rates have increased in recent months and may continue to increase, and as a result may have a negative effect on market prices for common stock of public companies, especially those in the biotech industry and those that have no current or near-term revenue. Further, a recession or market correction, supply chain disruptions and/or inflation could materially affect our business and the value of our common stock.

Cash Flows

The following table summarizes our sources and uses of cash (in thousands):

	For the Nine Months Ended September 30,		Period-to-Period
	2026	2025	Change
Net cash provided by (used in) operating activities	$ (55,174)	$ (39,415)	$ (15,759)
Net cash provided by (used in) investing activities	29,137	(112,583)	141,720
Net cash provided by (used in) financing activities	1,530	1,751	(221)
Net increase (decrease) in cash and cash equivalents, and restricted cash	$ (24,507)	$ (150,247)	$ 125,740

Comparison of the Nine Months Ended September 30, 2026 and 2025

Net cash provided by (used in) operating activities was approximately $(55.2) million for the nine months ended September 30, 2026 compared to approximately $(39.4) million for the nine months ended September 30, 2025. The increase of approximately $15.8 million in cash used in operating activities was primarily driven by an increase in net loss of $21.0 million, offset by an increase in non-cash net operating costs of $2.0 million and a decrease of $3.3 million in operating assets and liabilities, primarily related to changes in other assets, accrued expenses, other current liabilities, and accounts payable, resulting principally from the timing of payments to our service providers.

Net cash provided by (used in) investing activities was approximately $29.1 million for the nine months ended September 30, 2026 compared to approximately $(112.6) million for the nine months ended September 30, 2025. The decrease in cash used of $141.7 million resulted primarily from a decrease in purchases of marketable debt securities of $67.1 million as well as an increase in proceeds from marketable debt securities matured and redeemed of $75.7 million offset slightly by an increase in purchases of fixed assets of $1.0 million.

Net cash provided by (used in) financing activities was $1.5 million for the nine months ended September 30, 2026 compared to $1.8 million for the nine months ended September 30, 2025. The $0.2 million decrease was primarily driven by proceeds received in the prior-year period of $1.9 million from the net proceeds of the December 2024 Public Offering, as compared to $1.9 million in proceeds from the exercise of common warrants as well as $0.4 million in proceeds from the exercise of stock options offset against offering costs paid during the current period of $0.5 million in connection with public offerings.

Contractual and Other Obligations

Operating lease obligations

Our operating lease obligations primarily consist of lease payments on our corporate headquarters in New York, New York, as well as lease payments for our development laboratory, a manufacturing facility and an additional manufacturing space, all located in North America which are described in further detail in Note 8 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Other obligations

From time to time, we enter into certain types of contracts that contingently require us to indemnify parties against third-party claims, supply agreements and agreements with directors and officers. The terms of such obligations vary by contract and in most instances a maximum dollar amount is not explicitly stated therein. Generally, amounts under these contracts cannot be reasonably estimated until a specific claim is asserted, thus no liabilities have been recorded for these obligations on our condensed consolidated balance sheet for the periods presented.

We enter into contracts in the normal course of business with CROs, CDMOs and clinical sites for the conduct of clinical trials, non-clinical research studies, professional consultants for expert advice and other vendors for clinical supply manufacturing or other services. These contracts generally provide for termination on notice, and therefore are cancelable contracts.

Certain of these agreements require us to pay milestones to such third parties upon achievement of certain development, regulatory or commercial milestones as further described in Note 9 of our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory approval and commercial milestones, which may not be achieved.

We also have obligations to make future payments to third parties that become due and payable on the achievement of certain milestones, including future payments to third parties with whom we have entered into research, development and commercialization agreements. We have not included these commitments on our condensed consolidated balance sheet for the periods presented because the achievement and timing of these milestones is not fixed and determinable.

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under the applicable regulations of the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of September 30, 2026, our management, with the participation of our principal executive and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive and principal financial officer have concluded based upon the evaluation described above that, as of September 30, 2026, our disclosure controls and procedures were effective at the reasonable assurance level.

We continue to review and document our disclosure controls and procedures, including our internal controls and procedures for financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2026, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be subject to various legal proceedings and claims that arise in the ordinary course of our business activities. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

There were no material changes to the risk factors previously disclosed in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 10, 2026.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On November 4, 2026, the Company entered into an asset purchase agreement for manufacturing-related assets, including an assembled workforce, inventory, intellectual property, contracts, equipment, permits, regulatory documentation and records, for its product candidate, TARA-002, from Novex, which closed simultaneously with the signing of the asset purchase agreement. Pursuant to the asset purchase agreement, the aggregate purchase price was $8.75 million, subject to certain credits and adjustments. The Company completed the acquisition to bring manufacturing in-house and secure dedicated manufacturing capacity ahead of a potential commercial launch. As part of the transaction, the Company also entered into certain ancillary agreements, including a transition services agreement, and a lease of a research and manufacturing facility with an affiliate of Novex. See Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview" of this Quarterly Report on Form 10-Q, which is incorporated by reference herein, for more information.

During the three months ended September 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Sixth Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 27, 2014).
3.2	Certificate of Amendment to the Sixth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 10, 2020).
3.3	Second Certificate of Amendment to the Sixth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q, filed with the SEC on May 13, 2020).
3.4	Third Certificate of Amendment to the Sixth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.4 to the Registrant's Quarterly Report on Form 10-Q, filed with the SEC on August 11, 2026).
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series 1 Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 10, 2020).
3.6	Certificate of Amendment to the Certificate of Designation of Preferences, Rights and Limitations of Series 1 Convertible Non-Voting Preferred Stock (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 23, 2020).
3.7	Composite Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.7 to the Registrant's Quarterly Report on Form 10-Q, filed with the SEC on August 11, 2026).
3.8	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on August 3, 2017).
31.1*	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language ("Inline XBRL")
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Exhibits filed herewith.

** Exhibits furnished 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.

PROTARA THERAPEUTICS, INC.

Date: November 6, 2026

By: /s/ Jesse Shefferman
Jesse Shefferman
Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2026

By: /s/ Patrick Fabbio
Patrick Fabbio
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14(a) and 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jesse Shefferman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2026 of Protara Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

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

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

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

Date: November 6, 2026

/s/ Jesse Shefferman
Jesse Shefferman
Chief Executive Officer
(*Principal Executive Officer)*

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14(a) and 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick Fabbio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2026 of Protara Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

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

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

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

Date: November 6, 2026

/s/ Patrick Fabbio
Patrick Fabbio
Chief Financial Officer
(*Principal Financial Officer)*

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Protara Therapeutics, Inc. (the "Corporation") on Form 10-Q for the fiscal quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jesse Shefferman, as Chief Executive Officer of the Corporation, and I, Patrick Fabbio, as Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 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 Corporation.

Date: November 6, 2026

By: /s/ Jesse Shefferman
Jesse Shefferman
Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2026

By: /s/ Patrick Fabbio
Patrick Fabbio
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request. This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Corporation specifically incorporates it by reference.