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

FORM 10-Q

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

For the quarterly period ended June 30, 2026

OR

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

Commission File Number: 001-38728

CHANGE AGENTS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**47-1685128**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4400 Route 9 South, Suite 3100 Freehold, New Jersey	**07728**
(Address of principal executive offices)	(Zip Code)

(732) 780-4400
(Registrant's telephone number, including area code)

Avalon GloboCare Corp.
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	CHGA	The Nasdaq Capital 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, 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. (Check one):

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 August 10, 2026, 19,946,803 shares of common stock, $0.0001 par value per share, were outstanding.

CHANGE AGENTS CORPORATION

FORM 10-Q

For the Quarterly Period Ended June 30, 2026

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CHANGE AGENTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
CURRENT ASSETS:		
Cash	$ 39,221	$ 109,091
Receivable from sale of equity method investment	187,000	748,000
Prepaid expense and other current assets	273,493	282,170
Current assets of discontinued operations	-	356,616
Total Current Assets	499,714	1,495,877
NON-CURRENT ASSETS:		
Operating lease right-of-use assets, net	135,055	-
Property and equipment, net	11,999	727
Intangible assets, net	1,265,616	2,158,167
Goodwill	12,808,197	12,808,197
Non-current assets of discontinued operations	-	6,937,769
Total Non-current Assets	14,220,867	21,904,860
Total Assets	$ 14,720,581	$ 23,400,737
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accrued professional fees	$ 1,472,034	$ 1,832,606
Accrued research and development fees	153,772	153,772
Accrued payroll liability and compensation	875,638	1,072,553
Accrued litigation settlement	363,450	363,450
Accrued liabilities and other payables	171,836	281,063
Accrued liabilities and other payables - related party	100,000	100,000
Operating lease obligation	89,831	6,000
Advance from pending sale of subsidiary - related party	-	3,158,078
Derivative liability	27,790	34,156
Stock subscription liability	150,000	150,000
Bridge loan payable, net	-	197,341
Convertible note payable, net	-	737,018
Note payable, net	1,188,700	-
Current liabilities of discontinued operations	-	6,061,077
Total Current Liabilities	4,593,051	14,147,114
NON-CURRENT LIABILITIES:		
Operating lease obligation, noncurrent portion	56,224	-
Non-current liabilities of discontinued operations	-	23,515
Total Non-current Liabilities	56,224	23,515
Total Liabilities	4,649,275	14,170,629
Commitments and Contingencies (Note 16)		
EQUITY:		
Preferred stock, $0.0001 par value; 10,000,000 shares authorized;		
Series C Convertible Preferred Stock, 2,550 and 3,800 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively; Liquidation preference $2.55 million at June 30, 2026	2,540,000	3,790,000
Series D Convertible Preferred Stock, 0 and 5,000 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively;	-	8,837,527
Series E Convertible Preferred Stock, 19,396 and 19,500 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively; Liquidation preference $19.396 million at June 30, 2026	14,813,253	14,916,753
Common stock, $0.0001 par value; 100,000,000 shares authorized; 13,680,790 shares issued and 13,677,323 shares outstanding at June 30, 2026; 4,857,476 shares issued and 4,854,009 shares outstanding at December 31, 2025	1,368	486
Additional paid-in capital	106,067,244	88,376,767
Less: common stock held in treasury, at cost; 3,467 shares at June 30, 2026 and December 31, 2025	(522,500)	(522,500)
Accumulated deficit	(112,592,608)	(105,934,101)
Statutory reserve	6,578	6,578
Accumulated other comprehensive loss	(242,029)	(241,402)
Total Change Agents Corporation stockholders' equity	10,071,306	9,230,108
Noncontrolling interest	-	-
Total Equity	10,071,306	9,230,108
Total Liabilities and Equity	$ 14,720,581	$ 23,400,737

See accompanying notes to the condensed consolidated financial statements.

CHANGE AGENTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
INCOME FROM EQUITY METHOD INVESTMENT - LAB SERVICES MSO	$ -	$ -	$ -	$ 392,677
OTHER OPERATING EXPENSES:				
Advertising and marketing expenses	105,271	322,552	315,117	393,702
Professional fees	795,577	1,428,611	2,377,528	3,060,826
Compensation and related benefits	434,725	292,629	658,141	601,651
Amortization of intangible assets	563,000	-	1,126,000	-
Credit loss expense	-	1,650,000	-	1,650,000
Other general and administrative expenses	153,306	214,724	296,219	380,437
Total Other Operating Expenses	2,051,879	3,908,516	4,773,005	6,086,616
LOSS FROM OPERATIONS	(2,051,879)	(3,908,516)	(4,773,005)	(5,693,939)
OTHER EXPENSE				
Interest expense - amortization of debt discount and debt issuance costs	(65,324)	(780,602)	(254,741)	(1,064,357)
Interest expense - other	(177,763)	(82,755)	(259,792)	(164,711)
Change in fair value of derivative liability	1,652	561,176	(1,275,237)	446,816
Loss on extinguishment of debt	-	(9,076,587)	-	(9,076,587)
Other income	114,502	2,673	7,283	1,487
Total Other Expense, net	(126,933)	(9,376,095)	(1,782,487)	(9,857,352)
LOSS BEFORE INCOME TAXES	(2,178,812)	(13,284,611)	(6,555,492)	(15,551,291)
INCOME TAXES	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(2,178,812)	(13,284,611)	(6,555,492)	(15,551,291)
NET LOSS FROM DISCONTINUED OPERATIONS	-	(173,987)	(103,015)	(389,418)
NET LOSS	$ (2,178,812)	$ (13,458,598)	$ (6,658,507)	$ (15,940,709)
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
NET LOSS AFTER NONCONTROLLING INTEREST	(2,178,812)	(13,458,598)	(6,658,507)	(15,940,709)
DEEMED CONTRIBUTION ON EXCHANGE OF EQUITY INSTRUMENTS	-	-	-	162,473
NET LOSS ATTRIBUTABLE TO CHANGE AGENTS CORPORATION COMMON SHAREHOLDERS	$ (2,178,812)	$ (13,458,598)	$ (6,658,507)	$ (15,778,236)
NET LOSS PER COMMON SHARE ATTRIBUTABLE TO CHANGE AGENTS CORPORATION COMMON SHAREHOLDERS:				
Basic and diluted, continuing operations	$ (0.14)	$ (6.14)	$ (0.53)	$ (8.12)
Basic and diluted, discontinued operations	(0.00)	(0.08)	(0.01)	(0.21)
Basic and diluted	$ (0.14)	$ (6.22)	$ (0.54)	$ (8.33)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted	15,792,440	2,162,323	12,397,080	1,894,961
COMPREHENSIVE LOSS:				
NET LOSS	$ (2,178,812)	$ (13,458,598)	$ (6,658,507)	$ (15,940,709)
OTHER COMPREHENSIVE (LOSS) INCOME FROM CONTINUED OPERATIONS				
Unrealized foreign currency translation (loss) gain	(316)	104	(627)	383
COMPREHENSIVE LOSS	(2,179,128)	(13,458,494)	(6,659,134)	(15,940,326)
LESS: COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-
COMPREHENSIVE LOSS ATTRIBUTABLE TO CHANGE AGENTS CORPORATION COMMON SHAREHOLDERS	$ (2,179,128)	$ (13,458,494)	$ (6,659,134)	$ (15,940,326)

See accompanying notes to the condensed consolidated financial statements.

CHANGE AGENTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three and Six Months Ended June 30, 2026
(Unaudited)

	Change Agents Corporation Stockholders' Equity															
	Series C Preferred Stock		Series D Preferred Stock		Series E Preferred Stock		Common Stock			Treasury Stock				Accumulated		
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Number of Shares	Amount	Accumulated Deficit	Statutory Reserve	Other Comprehensive Loss	Noncontrolling Interest	Total Equity
Balance, January 1, 2026	3,800	$ 3,790,000	5,000	$ 8,837,527	19,500	$ 14,916,753	4,857,476	$ 486	$ 88,376,767	(3,467)	$ (522,500)	$(105,934,101)	$ 6,578	$ (241,402)	$ -	$ 9,230,108
Issuance of common stock upon cashless exercise of pre-funded stock warrants	-	-	-	-	-	-	354,257	35	(35)	-	-	-	-	-	-	-
Issuance of common stock upon cashless exercise of stock warrants	-	-	-	-	-	-	1,268,672	127	(127)	-	-	-	-	-	-	-
Conversion of Series C Preferred Stock into common stock	(723)	(723,000)	-	-	-	-	300,000	30	722,970	-	-	-	-	-	-	-
Conversion of convertible note payable and accrued interest into common stock	-	-	-	-	-	-	551,474	55	551,419	-	-	-	-	-	-	551,474
Reclassification of derivative liability to equity	-	-	-	-	-	-	-	-	1,281,603	-	-	-	-	-	-	1,281,603
Issuance of common stock for services	-	-	-	-	-	-	505,000	50	522,750	-	-	-	-	-	-	522,800
Sales of securities from the February 2026 private placement, net	-	-	-	-	-	-	490,197	49	2,756,763	-	-	-	-	-	-	2,756,812
Sale of subsidiary (Note 3)	-	-	-	-	-	-	-	-	1,861,266	-	-	-	-	-	-	1,861,266
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	(311)	-	(311)
Net loss for the three months ended March 31, 2026	-	-	-	-	-	-	-	-	-	-	-	(4,479,695)	-	-	-	(4,479,695)
Balance, March 31, 2026	3,077	3,067,000	5,000	8,837,527	19,500	14,916,753	8,327,076	832	96,073,376	(3,467)	(522,500)	(110,413,796)	6,578	(241,713)	-	11,724,057
Issuance of common stock upon cash exercise of pre-funded stock warrants	-	-	-	-	-	-	2,541,353	254	-	-	-	-	-	-	-	254
Conversion of Series C Preferred Stock into common stock	(527)	(527,000)	-	-	-	-	218,672	22	526,978	-	-	-	-	-	-	-
Conversion of Series D Preferred Stock into common stock	-	-	(5,000)	(8,837,527)	-	-	2,074,689	208	8,837,319	-	-	-	-	-	-	-
Conversion of Series E Preferred Stock into common stock	-	-	-	-	(104)	(103,500)	69,000	7	103,493	-	-	-	-	-	-	-
Issuance of common stock as bridge loan payable commitment fee	-	-	-	-	-	-	100,000	10	137,990	-	-	-	-	-	-	138,000
Issuance of common stock upon waiver to enter into note agreement	-	-	-	-	-	-	200,000	20	58,180	-	-	-	-	-	-	58,200
Issuance of common stock for services	-	-	-	-	-	-	150,000	15	60,660	-	-	-	-	-	-	60,675
Stock-based compensation	-	-	-	-	-	-	-	-	269,248	-	-	-	-	-	-	269,248
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	(316)	-	(316)
Net loss for the three months ended June 30, 2026	-	-	-	-	-	-	-	-	-	-	-	(2,178,812)	-	-	-	(2,178,812)
Balance, June 30, 2026	2,550	$ 2,540,000	-	$ -	19,396	$ 14,813,253	13,680,790	$ 1,368	$106,067,244	(3,467)	$ (522,500)	$(112,592,608)	$ 6,578	$ (242,029)	$ -	$10,071,306

See accompanying notes to the condensed consolidated financial statements.

CHANGE AGENTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIT) EQUITY
For the Three and Six Months Ended June 30, 2025
(Unaudited)

	Change Agents Corporation Stockholders' (Deficit) Equity																	
	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock			Treasury Stock						
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Number of Shares	Amount	Accumulated Deficit	Statutory Reserve	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity (Deficit)
Balance, January 1, 2025	9,000	$ 9,000,000	11,000	$ 11,000,000	3,500	$ 3,500,000	-	$ -	1,445,979	$ 145	$72,023,525	(3,467)	$(522,500)	$ (87,673,125)	$ 6,578	$ (232,000)	$ -	$ 7,102,623
Issuance of common stock upon cashless exercise of stock warrants	-	-	-	-	-	-	-	-	186,877	19	(19)	-	-	-	-	-	-	-
Issuance of common stock for services	-	-	-	-	-	-	-	-	22,278	2	111,230	-	-	-	-	-	-	111,232
Reclassification of derivative liability to equity	-	-	-	-	-	-	-	-	-	-	18,853	-	-	-	-	-	-	18,853
Series D Convertible Preferred Stock issued in exchange of Series A Convertible Preferred Stock	(9,000)	(9,000,000)	-	-	-	-	5,000	8,837,527	-	-	162,473	-	-	-	-	-	-	-
Series B Convertible Preferred Stock extinguished related to sale of equity method investment	-	-	(11,000)	(11,000,000)	-	-	-	-	-	-	2,348,695	-	-	-	-	-	-	(8,651,305)
Stock-based compensation	-	-	-	-	-	-	-	-	-	-	9,159	-	-	-	-	-	-	9,159
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	279	-	279
Net loss for the three months ended March 31, 2025	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,482,111)	-	-	-	(2,482,111)
Balance, March 31, 2025	-	-	-	-	3,500	3,500,000	5,000	8,837,527	1,655,134	166	74,673,916	(3,467)	(522,500)	(90,155,236)	6,578	(231,721)	-	(3,891,270)
Issuance of common stock upon cashless exercise of stock warrants	-	-	-	-	-	-	-	-	242,304	24	(24)	-	-	-	-	-	-	-
Issuance of common stock for services	-	-	-	-	-	-	-	-	170,000	17	746,183	-	-	-	-	-	-	746,200
Reclassification of derivative liability to equity	-	-	-	-	-	-	-	-	-	-	157,676	-	-	-	-	-	-	157,676
Stock-based compensation adjustment	-	-	-	-	-	-	-	-	-	-	(28,085)	-	-	-	-	-	-	(28,085)
Conversion of convertible note payable and accrued interest into common stock	-	-	-	-	-	-	-	-	285,113	28	285,085	-	-	-	-	-	-	285,113
Loss on extinguishment of debt recognized	-	-	-	-	-	-	-	-	-	-	9,076,587	-	-	-	-	-	-	9,076,587
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104	-	104
Net loss for the three months ended June 30, 2025	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,458,598)	-	-	-	(13,458,598)
Balance, June 30, 2025	-	$ -	-	$ -	3,500	$ 3,500,000	5,000	$ 8,837,527	2,352,551	$ 235	$84,911,338	(3,467)	$(522,500)	$(103,613,834)	$ 6,578	$ (231,617)	$ -	$ (7,112,273)

See accompanying notes to the condensed consolidated financial statements.

CHANGE AGENTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss from continuing operations	$ (6,555,492)	$ (15,551,291)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of intangible assets	1,126,905	302
Credit loss provision	-	1,650,000
Amortization of operating lease right-of-use asset	34,688	33,628
Stock-based compensation and service expense	703,372	761,698
Income from equity method investment	-	(392,677)
Amortization of debt issuance costs and debt discount	254,741	1,064,357
Change in fair market value of derivative liability	1,275,237	(446,816)
Loss on extinguishment of debt	-	9,076,587
Changes in operating assets and liabilities:		
Security deposit	-	17,332
Prepaid expense and other assets	41,612	(264,109)
Accrued liabilities and other payables	(407,430)	1,295,813
Operating lease obligation	(29,688)	(33,628)
NET CASH USED IN OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	(3,556,055)	(2,788,804)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equity method investment	561,000	95,000
Purchase of property and equipment	(12,158)	-
Acquisition of internal-use software	(233,449)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	315,393	95,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of bridge loan	(375,000)	-
Repayments of convertible debt	(200,000)	-
Proceeds from issuance of debt	1,564,000	-
Payments of debt issuance costs	(44,000)	-
Repayments of debt	(341,250)	-
Proceeds from stock subscription liability	-	150,000
Advance from pending sale of subsidiary	-	149,972
Payments of offering costs	-	(22,336)
Proceeds from warrant exercises	254	-
Proceeds received from the February 2026 private offering	3,249,412	-
Disbursements for the February 2026 private offering costs	(492,600)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	3,360,816	277,636
DISCONTINUED OPERATIONS		
Net cash used in operating activities from discontinued operations	(231,956)	(173,555)
NET CASH FLOWS USED IN DISCONTINUED OPERATIONS	(231,956)	(173,555)
EFFECT OF EXCHANGE RATE ON CASH - CONTINUING OPERATIONS	41,932	409
NET DECREASE IN CASH	(69,870)	(2,589,314)
CASH - beginning of period	109,091	2,658,182
CASH - end of period	$ 39,221	$ 68,868
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 256,175	$ 493,711
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for future services	$ 32,445	$ 34,423
Common stock issued for accrued liabilities	$ 96,600	$ 42,385
Options issued for accrued liabilities	$ 20,306	$ -
Receivable related to sale of equity method investment	$ -	$ 1,745,000
Related party payable extinguished upon sale of equity method investment	$ -	$ 632,916
Series B Convertible Preferred Stock extinguished related to sale of equity method investment	$ -	$ 11,000,000
Series D Convertible Preferred Stock issued in exchange of Series A Convertible Preferred Stock	$ -	$ 9,000,000
Stock warrants issued as placement agent fee	$ 294,001	$ -
Settlement of derivative liability	$ 1,281,603	$ 176,529
Issuance of common stock upon cashless exercise of stock warrants	$ 127	$ 43
Issuance of common stock upon cashless exercise of pre-funded stock warrants	$ 35	$ -
Initial ROU asset and lease liability	$ 169,743	$ 127,486
Conversion of convertible note payable and accrued interest into common stock	$ 551,474	$ 285,113

Series C Convertible Preferred Stock converted into common stock	$ 1,250,000	$ -
Series D Convertible Preferred Stock converted into common stock	$ 8,837,527	$ -
Series E Convertible Preferred Stock converted into common stock	$ 103,500	$ -
Related party gain on deconsolidation of Avalon RT 9	$ 1,861,266	$ -
Deferred financing costs in accrued liabilities	$ -	$ 62,316
Issuance of common stock upon waiver to enter into note agreement	$ 58,200	$ -
Common stock issued as note payable commitment fee	$ 138,000	$ -

See accompanying notes to the condensed consolidated financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Change Agents Corporation (f/k/a Avalon GloboCare Corp.) (the "Company" or "CHGA") was incorporated under the laws of the State of Delaware on July 28, 2014. On July 20, 2026, the Company changed its name to Change Agents Corporation.

The Company operates through two business segments: (i) an artificial intelligence software segment, through which the Company develops and commercializes an AI-driven, short-form agentic video generation platform and an agentic Generative Engine Optimization (GEO) search product operated by Avalon Quantum AI, LLC, a wholly owned subsidiary formed in connection with the acquisition of RPM Interactive, Inc. in December 2025; and (ii) a consumer health technology segment, through which the Company distributes the Keto Air breathalyzer device - a non-invasive consumer breathalyzer that measures ketosis levels and is sold in North America, bearing an FDA registration number.

The Company is a technology-focused company with a strategic focus on developing innovative Agentic AI software and consumer health products that target consumers and small businesses. The Company recently announced the intent to expand into drone interception and surveillance AI enhanced technology solutions through the establishment of Autonomous Air Defense Systems LLC. The Company is actively seeking complementary bolt-on AI acquisitions that could generate near-term revenue to supplement current operations as both segments continue to develop.

On May 18, 2015, Avalon Healthcare System, Inc. ("AHS") was incorporated under the laws of the State of Delaware. AHS owns 100% of the capital stock of Avalon (Shanghai) Healthcare Technology Co., Ltd. ("Avalon Shanghai"), which is a wholly foreign-owned enterprise organized under the laws of the People's Republic of China ("PRC"). Avalon Shanghai was incorporated on April 29, 2016, and was engaged in medical related consulting services for customers. Due to the winding down of the medical related consulting services in 2022, the Company decided to cease all operations of Avalon Shanghai and no longer has any material revenues or expenses in Avalon Shanghai. As a result, Avalon Shanghai is no longer an operating entity.

On February 7, 2017, the Company formed Avalon RT 9 Properties, LLC ("Avalon RT 9"), a New Jersey limited liability company. On May 5, 2017, Avalon RT 9 purchased a real property located in Township of Freehold, County of Monmouth, State of New Jersey, having a street address of 4400 Route 9 South, Freehold, NJ 07728. This property was purchased to serve as the Company's world-wide headquarters for all corporate administration and operations. In addition, the property generates rental income. Avalon RT 9 owns this office building. Avalon RT 9's business consists of the ownership and operation of the income-producing real estate property in New Jersey. On February 18, 2026, the Company sold 100% of Avalon RT 9 to Wenzhao Lu, the Company's chairman of the Board of Directors.

On October 14, 2022, the Company formed a wholly owned subsidiary, Avalon Laboratory Services, Inc. ("Avalon Lab"), a Delaware company. On February 9, 2023, Avalon Lab purchased 40% of the issued and outstanding equity interests of Laboratory Services MSO, LLC, a private limited company formed under the laws of the State of Delaware on September 6, 2019 ("Lab Services MSO"), and its subsidiaries. Lab Services MSO, through its subsidiaries, is engaged in providing laboratory testing services. During the first quarter of 2025, to preserve cash, the Company entered into discussions with Lab Services MSO for the potential redemption of our investment and on February 26, 2025, Lab Services MSO redeemed the 40% equity interest in Lab Services MSO held by Avalon Lab. Accordingly, beginning in February 2025, we no longer offer laboratory services.

On May 1, 2024, the Company formed a wholly owned subsidiary, Q&A Distribution LLC ("Q&A Distribution"), a Texas company. Q&A Distribution is engaged in distribution of KetoAir device.

On February 21, 2025, the Company formed a wholly owned subsidiary, Nexus MergerSub Limited ("Nexus"), a British Virgin Islands ("BIV") company. There was no activity for the subsidiary since its incorporation through June 30, 2026.

On December 5, 2025, the Company formed a wholly owned subsidiary, Avalon Quantum AI, LLC ("Avalon Quantum AI"), a Nevada company.

On December 12, 2025, the Company acquired RPM Interactive, Inc., a Nevada corporation ("RPM"), in accordance with the terms of the Agreement and Plan of Merger, dated December 12, 2025, as amended by Amendment No. 1 dated December 14, 2025 (as amended, the "Merger Agreement"), by and among the Company, Avalon Quantum AI, LLC, a Nevada limited liability company and a wholly owned subsidiary of the Company (the "Merger Sub"), and RPM. Pursuant to the Merger Agreement, RPM merged with and into the Merger Sub, pursuant to which the Merger Sub was the surviving entity and became a wholly owned subsidiary of the Company (the "Merger").

As a result of the above Merger transaction, effective December 12, 2025, Avalon Quantum AI is advancing next-generation AI systems, including automated video generation, and small business marketing automation solutions.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS (continued)

Details of the Company's subsidiaries which are included in these condensed consolidated financial statements as of June 30, 2026 are as follows:

Name of Subsidiary	Place and Date of Incorporation	Percentage of Ownership	Principal Activities
Avalon Healthcare System, Inc. ("AHS")	Delaware May 18, 2015	100% held by ALBT	Holding company for payroll and other expenses
Avalon (Shanghai) Healthcare Technology Co., Ltd. ("Avalon Shanghai")	PRC April 29, 2016	100% held by AHS	Not considered an operating entity
Genexosome Technologies Inc. ("Genexosome")	Nevada July 31, 2017	60% held by ALBT	No current activities to report; dormant
Avalon Laboratory Services, Inc. ("Avalon Lab")	Delaware October 14, 2022	100% held by ALBT	No current activities to report; dormant
Q&A Distribution LLC ("Q&A Distribution")	Texas May 1, 2024	100% held by ALBT	Distributes KetoAir device
Nexus MergerSub Limited ("Nexus")	BVI February 21, 2025	100% held by ALBT	No current activities to report
Avalon Quantum AI, LLC ("Avalon Quantum AI")	Nevada December 5, 2025	100% held by ALBT	Advanced Agentic AI systems, including automated video generation

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN CONDITION

Basis of Presentation

These interim condensed consolidated financial statements of the Company and its subsidiaries are unaudited. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures necessary for a fair presentation of these interim condensed consolidated financial statements have been included. The results reported in the condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year. The accompanying condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") and do not include all information and footnotes necessary for a complete presentation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). The Company's condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 filed with the SEC on March 30, 2026.

As of June 30, 2026, the Company determined that certain assets that had been disposed of met the criteria for discontinued operations presentation. For all periods presented, the operating results associated with the assets disposed of have been reclassified into net loss from discontinued operations in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The associated assets and liabilities have been reflected as current and long-term assets and liabilities of discontinued operations in the Condensed Consolidated Balance Sheets, and the cash flows from the Company's discontinued operations are presented in the Condensed Consolidated Statements of Cash Flows for all periods presented.

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN CONDITION (continued)

Basis of Presentation (continued)

Certain prior period balances related to the Company's reportable segments and discontinued operations have been reclassified to conform to the current presentation in the financial statements and accompanying notes. The notes to the Condensed Consolidated Financial Statements are presented on a continuing operations basis unless otherwise noted. Refer to Note 5 Discontinued Operations and Disposals for additional information on the Company's discontinued operations.

Going Concern

These condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business.

As reflected in the accompanying condensed consolidated financial statements, the Company had a working capital deficit of approximately $4,093,000 at June 30, 2026 and had incurred recurring net losses from continuing operations and generated negative cash flow from operating activities of continuing operations of approximately $6,555,000 and $3,556,000 for the six months ended June 30, 2026, respectively.

The Company has a limited operating history and its continued growth is dependent upon the continuation of generating revenue for selling of Keto Air, generating revenue from advanced Agentic AI systems, including automated video generation and small business marketing automation, and obtaining additional financing to fund future obligations and pay liabilities arising from normal business operations. In addition, the current cash balance cannot be projected to cover the operating expenses for the next twelve months from the release date of this report. These matters raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital, implement its business plan, and generate significant revenue. There are no assurances that the Company will be successful in its efforts to generate significant revenue, maintain sufficient cash balance or report profitable operations or to continue as a going concern. The Company plans on raising capital through the sale of equity to implement its business plan. However, there is no assurance these plans will be realized and that any additional financings will be available to the Company on satisfactory terms and conditions, if any.

The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Changes in these estimates and assumptions may have a material impact on the condensed consolidated financial statements and accompanying notes. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Significant estimates during the three and six months ended June 30, 2026 and 2025 include the useful life of intangible assets, the assumptions used in assessing impairment of long-term assets, the allowance for credit loss, the valuation of deferred tax assets and the associated valuation allowances, the valuation of stock-based compensation, the valuation of Series D convertible preferred stock ("Series D Preferred Stock"), and the determination of the fair value of the warrants.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

At June 30, 2026 and December 31, 2025, the Company's cash balances by geographic area were as follows:

Country:	June 30, 2026		December 31, 2025	
United States	$ 39,145	99.8%	$ 108,599	99.5%
China	76	0.2%	492	0.5%
Total cash	$ 39,221	100.0%	$ 109,091	100.0%

For purposes of the condensed consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less when purchased and money market accounts to be cash equivalents. The Company had no cash equivalents at June 30, 2026 and December 31, 2025.

Fair Value of Financial Instruments and Fair Value Measurements

The Company adopted the guidance of Accounting Standards Codification ("ASC") 820 for fair value measurements which clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying condensed consolidated financial statements, primarily due to their short-term nature.

Assets and liabilities measured at fair value on a recurring basis. Certain assets and liabilities are measured at fair value on a recurring basis. These assets and liabilities are measured at fair value on an ongoing basis. These assets and liabilities include derivative liability.

Derivative liability. Derivative liability is carried at fair value and measured on an ongoing basis. The table below reflects the activity of derivative liability measured at fair value for the six months ended June 30, 2026:

	Significant Unobservable Inputs (Level 3)
Balance of derivative liability as of January 1, 2026	$ 34,156
Loss from change in the fair value of derivative liability	1,275,237
Reclassification of additional paid-in capital upon conversion	(1,281,603)
Balance of derivative liability as of June 30, 2026	$ 27,790

ASC 825-10 "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk and Uncertainties

The Company maintains a portion of its cash on deposits with bank and financial institution within the U.S. that at times may exceed federally-insured limits of $250,000. The Company manages this credit risk by concentrating its cash balances in high quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions holding such deposits. The Company has not experienced any losses in such bank accounts and believes it is not exposed to any risks on its cash in bank accounts. At June 30, 2026, there were no balances in excess of the federally-insured limits.

Sale of Subsidiary

In February 2026, the Company sold its wholly-owned subsidiary of Avalon RT 9 to Wenzhao Lu, the Company's chairman of the Board of Directors. Avalon RT 9 owned and managed the corporate office building located at 4400 Route 9 South, Freehold, NJ, which served as the Company's headquarters and leased other space to tenants until the sale. Mr. Lu paid fair value of $9.0 million. The Company recorded $1,861,266 to additional paid-in capital as a result of the capital transaction with related party under applicable SEC regulations, representing the proceeds of $9,000,000 (which is consisted of advance of $3,158,078, satisfaction of note payable of $5,800,000, and paying off due to related party of $41,922 on behalf of the Company) in excess of its carrying value of $7,138,734.

Software and Platform

The Company capitalizes costs to develop or purchase software and platform in accordance with ASC section 350-40, Intangibles — Goodwill and Other. Costs incurred to develop software and platform are expensed as incurred during the preliminary project stage. Software and platform development costs are capitalized upon purchase and during the application development stage, which is after: (i) the preliminary project stage is completed; and (ii) management authorizes and commits to funding the project and it is probable the project will be completed and used to perform the functions intended. Capitalization ceases at the point the software and platform project is substantially complete and ready for its intended use, and after all substantial testing is completed. Upgrades and enhancements are capitalized if it is probable that those expenditures will result in additional functionality. Amortization is provided for on a straight-line basis over the expected useful life of the software and platform development costs and related upgrades and enhancements. When existing software and platform are replaced with new software and platform, the unamortized costs of the old software and platform are expensed when the new software and platform are ready for its intended use.

Stock Subscription Liability

On June 4, 2025, the Company entered into a subscription agreement with an investor, whereby 141,643 shares of common stock of the Company were subscribed for at $3.53 per share. As of June 30, 2026, the Company received proceeds of $150,000. As of June 30, 2026, these shares have not yet been issued and the proceeds of $150,000 were recorded as a share subscription liability until such time as the common shares are issued.

Per Share Data

ASC Topic 260 "Earnings per Share," requires presentation of both basic and diluted earnings per share ("EPS") with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. The Company had $162,473 in deemed contribution during the six months ended June 30, 2025, which increases the numerator in the net loss per share calculation. For the three and six months ended June 30, 2026 and 2025, potentially dilutive common shares consisted of the common shares issuable upon the conversion of convertible preferred stock and convertible notes (using the if-converted method) and exercise of common stock options and warrants (using the treasury stock method). Common stock equivalents are not included in the calculation of diluted net loss per share if their effect would be anti-dilutive. In a period in which the Company has a net loss, all potentially dilutive securities are excluded from the computation of diluted shares outstanding as they would have had an anti-dilutive impact.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Per Share Data (continued)

The calculation of basic and diluted net loss per common share attributable to the Company common shareholders includes 3,491,000 and 150,000 of the pre-funded warrants that remained outstanding as of June 30, 2026 and 2025, respectively.

The following table summarizes the securities that were excluded from the diluted per share calculation because the effect of including these potential shares was antidilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Options to purchase common stock	2,189,836	44,501	2,189,836	44,501
Warrants to purchase common stock	13,202,348	95,746	13,202,348	95,746
Series C convertible preferred stock (*)	1,058,091	1,452,282	1,058,091	1,452,282
Series D convertible preferred stock (**)	-	2,074,689	-	2,074,689
Series E convertible preferred stock (***)	12,931,000	-	12,931,000	-
Convertible notes and related accrued interest (****)	-	2,436,375	-	2,638,734
Potentially dilutive securities	29,381,275	6,103,593	29,381,275	6,305,952

(*) Assumed the Series C convertible preferred stock was converted into shares of common stock of the Company at a conversion price of $2.41 per share.

(**) Assumed the Series D convertible preferred stock was converted into shares of common stock of the Company at a conversion price of $2.41 per share.

(***) Assumed the Series E convertible preferred stock was converted into shares of common stock of the Company at a conversion price of $1.50 per share.

(****) Assumed the convertible notes were converted into shares of common stock of the Company at a conversion price of $1.00 per share for the three and six months ended June 30, 2025.

Commitments and Contingencies

In the normal course of business, the Company is subject to contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters. Liabilities for such contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Segment Reporting

The segment reporting structure uses the Company's management reporting structure as its foundation to reflect how the Company manages the businesses internally and was mainly organized by services. During the three and six months ended June 30, 2026, the Company was organized into one strategic business units: AI generated publishing services. During the six months ended June 30, 2025, the Company was organized into one strategic business units: laboratory testing services (which ended on the redemption date, February 26, 2025) — which were led by our strategic business unit managers. Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker ("CODM") in deciding how to make operating decisions, allocate resources and assess performance.

On February 9, 2023, the Company purchased 40% of Lab Services MSO. During the first quarter of 2025, to preserve cash, the Company entered into discussions with Lab Services MSO for the potential redemption of Avalon Lab's investment and on February 26, 2025, Lab Services MSO redeemed the 40% equity interest in Lab Services MSO held by Avalon Lab. Commencing from the purchase date, February 9, 2023, through the redemption date, February 26, 2025, the Company was active in the management of Lab Services MSO. Beginning in February 2025, we no longer offer laboratory services.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment Reporting (continued)

The Company's Chief Executive Officer is its CODM. The Company reports operational data to its CODM at the segment level, which he uses to evaluate performance and allocate resources based on income from equity method investment – Lab Services MSO and AI generated publishing operating income.

On February 18, 2026, the Company and Wenzhao Lu, the Company's chairman of the Board of Directors, entered into an Amended and Restated Membership Interest Purchase Agreement, pursuant to which the Company sold to Mr. Lu 100% of the membership interests of Avalon RT 9. The Company determined that the assets and operations that had been disposed of met the criteria for discontinued operations presentation. For all periods presented, the operating results associated with the assets disposed of have been reclassified into net loss from discontinued operations in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The associated assets and liabilities have been reflected as current and long-term assets and liabilities of discontinued operations in the Condensed Consolidated Balance Sheets, and the cash flows from the Company's discontinued operations are presented in the Condensed Consolidated Statements of Cash Flows for all periods presented.

Recent Accounting Standards

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. In January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40), Clarifying the Effective Date. ASU 2024-03 requires public companies to disclose, in interim and reporting periods, additional information about certain expenses in the financial statements. ASU 2024-03, as clarified by ASU 2025-01, is effective for public entities for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and is effective on either a prospective basis or retrospective basis. The Company is currently evaluating the impact that the updated standard will have on the Company's disclosures within the condensed consolidated financial statements.

In September 2025, the FASB issued Accounting Standards Update No. 2025-06, "Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40)," ("ASU 2025-06"). The amendments in ASU 2025-06 remove all references to prescriptive and sequential software development stages, and require entities to start capitalizing software costs when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, and may be adopted on a prospective, modified, or retrospective transition approach. Early adoption is permitted. The Company is currently evaluating the impact of this update on its condensed consolidated financial statements.

In December 2025, the FASB issued ASU 2025–11, Interim Reporting (Topic 270: Narrow – Scope Improvements. ASU 2025-11 clarifies the applicability of interim reporting guidance and reorganizes and clarifies interim disclosure requirements under ASC topic 270, including the addition of a disclosure principal requiring disclosure of material events occurring since the most recent annual reporting period. ASU 2025-11 is effective for interim reporting periods within annual periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

In December 2025, the FASB issued ASU 2025-12, Classification Improvements. ASU 2025–12 makes targeted amendments to various topics within the Accounting Standards Codification intended to clarify existing guidance and correct minor inconsistencies. ASU 2025–12 is effective for interim and annual reporting periods beginning after December 15, 2026, with early adoption permitted. Certain amendments require retrospective application. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the condensed consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its condensed consolidated financial condition, results of operations, cash flows or disclosures.

NOTE 4 – PREPAID EXPENSE AND OTHER CURRENT ASSETS

At June 30, 2026 and December 31, 2025, prepaid expense and other current assets consisted of the following:

	June 30, 2026	December 31, 2025
Prepaid professional fees	$ 124,682	$ 67,139
Prepaid directors' and officers' liability insurance premium	16,323	10,932
Prepaid NASDAQ listing fee	28,000	-
Deferred offering costs	-	84,652
Finished goods	71,190	74,841
Recoverable value-added tax	11,187	10,863
Others	22,111	33,743
Total	$ 273,493	$ 282,170

NOTE 5 – DISCONTINUED OPERATIONS AND DISPOSALS

On February 18, 2026, the Company and Wenzhao Lu, the Company's chairman of the Board of Directors, entered into an Amended and Restated Membership Interest Purchase Agreement (the "Amended MIPA"), pursuant to which the Company sold to Mr. Lu 100% of the membership interests of Avalon RT 9 for $9,000,000.

The subsidiary comprises our real property operations segment. As a result of the planned disposition of the subsidiary, the real property operations segment met the criteria under ASC 205-20 to be classified as discontinued operations. Accordingly, the historical results of operations of the real property operations segment have been reflected as discontinued operations in our condensed consolidated financial statement for all periods prior to the Amended MIPA on February 18, 2026.

The table below outlines the gain on sale described above.

Carrying amount of assets and liabilities:	
Cash	$ 288,099
Rent receivable	58,735
Prepaid expense	7,331
Deferred Leasing Costs	32,600
Property and equipment, net	2,473
Investment in real estate, net	6,904,683
Accrued liabilities	78,154
Tenants' security deposit	77,033
Total carrying amount (net)	**7,138,734**
Consideration from sale of subsidiary	9,000,000
Gain on sale of subsidiary	$ 1,861,266

The Company recorded the gain on sale of subsidiary of $1,861,266 to additional paid-in capital as a result of the capital transaction with related party under applicable SEC regulations.

Details of the net loss from discontinued operations were as follows:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
REAL PROPERTY RENTAL REVENUE	$ 253,839	$ 350,406	$ 253,839	$ 700,206
REAL PROPERTY OPERATING EXPENSES	(153,903)	(251,077)	(153,903)	(531,467)
REAL PROPERTY OPERATING INCOME	99,936	99,329	99,936	168,739
OTHER OPERATING EXPENSES:				
Professional fees	45,617	47,402	45,617	106,766
Compensation and related benefits	20,932	31,398	20,932	62,796
Total Other Operating Expenses	66,549	78,800	66,549	169,562
INCOME (LOSS) FROM OPERATIONS	33,387	20,529	33,387	(823)
OTHER (EXPENSE) INCOME				
Interest expense - amortization of debt discount and debt issuance costs	-	(29,807)	-	(59,614)
Interest expense - other	(136,402)	(164,500)	(136,402)	(329,000)
Other (expense) income	-	(209)	-	19
Total Other Expense, net	(136,402)	(194,516)	(136,402)	(388,595)
LOSS BEFORE INCOME TAXES	(103,015)	(173,987)	(103,015)	(389,418)
INCOME TAXES	-	-	-	-
NET LOSS	$ (103,015)	$ (173,987)	$ (103,015)	$ (389,418)

NOTE 5 – DISCONTINUED OPERATIONS AND DISPOSALS (continued)

The following table summarizes the assets and liabilities of the discontinued operations:

	June 30, 2026	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash	$ -	$ 258,999
Rent receivable	-	84,898
Prepaid expense and other current assets	-	12,719
Total Current Assets	-	356,616
NON-CURRENT ASSETS:		
Property and equipment, net	-	3,478
Investment in real estate, net	-	6,925,768
Deferred leasing costs and other non-current assets	-	8,523
Total Non-current Assets	-	6,937,769
Total Assets	$ -	$ 7,294,385
LIABILITIES		
CURRENT LIABILITIES:		
Accrued liabilities and other payables	$ -	$ 261,077
Note payable, net	-	5,800,000
Total Current Liabilities	-	6,061,077
NON-CURRENT LIABILITIES:		
Deferred rental income	-	23,515
Total Non-current Liabilities	-	23,515
Total Liabilities	$ -	$ 6,084,592

The above tables exclude intercompany payables that are eliminated within our condensed consolidated balance sheets.

NOTE 6 – INTANGIBLE ASSETS

Intangible assets mainly consist of the valuation of identifiable intangible assets acquired in connection with the acquisition of RPM, representing developed technology and trade name. The Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value the identifiable intangible assets at the acquisition date. The straight-line method of amortization represents the Company's best estimate of the distribution of the economic value of the identifiable intangible assets.

In addition, in connection with the acquisition of RPM, the purchase price exceeded the fair value of net assets acquired by $12,808,197. The Company allocated the $12,808,197 excess to goodwill. Goodwill is not amortized, but is tested for impairment at June 30, 2026. On June 30, 2026, the Company assessed its goodwill for any impairment and concluded that there were not indicators of impairment as of June 30, 2026.

During the three and six months ended June 30, 2026, the Company capitalized certain software and platform development costs incurred amounting to $215,412 and $233,449, respectively, since the Company's software and platform development projects were in the application development stage. The software and platform have not yet been placed in service as of June 30, 2026.

NOTE 6 – INTANGIBLE ASSETS (continued)

At June 30, 2026 and December 31, 2025, intangible assets consisted of the following:

	Useful Life	June 30, 2026	December 31, 2025
Developed technology	1 Year	$ 2,230,000	$ 2,230,000
Trade name	1 Year	22,000	22,000
Software and platform	3 Years	233,449	-
Goodwill		12,808,197	12,808,197
		15,293,646	15,060,197
Less: accumulated amortization		(1,219,833)	(93,833)
		$ 14,073,813	$ 14,966,364

For the three months ended June 30, 2026 and 2025, amortization expense amounted to $563,000 and $0, respectively. For the six months ended June 30, 2026 and 2025, amortization expense amounted to $1,126,000 and $0, respectively.

Amortization of intangible assets, excluding software and platform, which have not yet been placed in service as of June 30, 2026, attributable to future periods is as follows:

For the Twelve-month Period Ending June 30:	Amortization Amount
2027	$ 1,032,167
2028 and thereafter	-
	$ 1,032,167

NOTE 7 – CONVERTIBLE NOTE PAYABLE

June 2024 Convertible Note

On June 5, 2024, the Company entered into securities purchase agreements with Mast Hill for the issuance of 13.0% senior secured promissory notes in the aggregate principal amount of $2,845,000 (collectively, the "June 2024 Convertible Note") convertible into shares of the Company's common stock, as well as the issuance of 26,800 shares of common stock as a commitment fee and warrants for the purchase of 146,667 shares of common stock of the Company. The Company and its subsidiaries have also entered into a security agreement, creating a security interest in certain property of the Company and its subsidiaries to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the June 2024 Convertible Note. Principal amount and interest under the June 2024 Convertible Note are convertible into shares of common stock of the Company at a conversion price of $11.25 per share unless the Company fails to make an amortization payment when due, in which case the conversion price shall be the lesser of $11.25 or the market price (as defined in the June 2024 Convertible Note).

Mast Hill acquired the June 2024 Convertible Note with principal amount of $2,845,000 and paid the purchase price of $2,702,750 after an original issue discount of $142,250. On June 5, 2024, the Company issued (i) a warrant to purchase 66,667 shares of common stock with an exercise price of $9.75 exercisable until June 5, 2029 ("First Warrant"), (ii) a warrant to purchase 80,000 shares of common stock with an exercise price of $7.50 exercisable until June 5, 2029 ("Second Warrant"), and (iii) 26,800 shares of common stock as a commitment fee for the purchase of the June 2024 Convertible Note, which were earned in full as of June 5, 2024. On June 5, 2024, the Company delivered such duly executed June 2024 Convertible Note, warrants and common stock to Mast Hill against delivery of the purchase price.

On December 15, 2024, the Company and Mast Hill entered into that certain consent, acknowledgement, and waiver agreement, pursuant to which Mast Hill waived all amortization payments required to be made under the June 2024 Convertible Note, the Company paid a waiver fee of $150,000 to Mast Hill, and the Company issued to Mast Hill a common stock purchase warrant for the purchase of up to 150,000 shares of the Company's common stock ("Pre-Funded Warrants"). The Pre-Funded Warrants are immediately exercisable at issuance and until the Pre-Funded Warrants are exercised in full and have an exercise price of $0.01 per share.

NOTE 7 – CONVERTIBLE NOTE PAYABLE (continued)

June 2024 Convertible Note (continued)

On May 29, 2025, the Company and Mast Hill entered into that certain waiver (the "Waiver"), pursuant to which Mast Hill will retain all related dilutive issuance rights under Section 1.6(e) of the June 2024 Convertible Note, provided that any adjustment under Section 1.6(e) of the June 2024 Convertible Note shall be subject to a per share floor price equal to $1.00.

In December 2024, the Company repaid June 2024 Convertible Note principal amount of $288,223 in cash.

During the period from June 1, 2025 through December 31, 2025, Mast Hill converted its June 2024 Convertible Note in the principal amount of $2,010,827 into 2,010,827 shares of common stock of the Company at a per share price of $1.00.

In January 2026, Mast Hill converted its June 2024 Convertible Note in the principal amount of $545,950 into 545,950 shares of common stock of the Company at a per share price of $1.00 (See Note 12 - Common Shares Issued for Debt Conversion). The conversion was done pursuant to the terms of June 2024 Convertible Note. Therefore, no gain or loss was recognized for the conversion.

July 2025 Convertible Note

On July 3, 2025, the Company issued two convertible promissory notes ("July 2025 Convertible Note") to two accredited investors on identical terms. The July 2025 Convertible Note has a principal amount of $200,000, bears a one-time interest charge of $60,000, and matures nine months from the date of issuance.

Pursuant to the terms of the July 2025 Convertible Note, beginning six months after the issue date, the two investors may convert the outstanding principal and accrued interest into shares of the Company's common stock at a fixed conversion price of $1.00 per share, subject to certain adjustments as provided for in the July 2025 Convertible Note for stock splits, dividends, combinations, or reclassifications. The Company may prepay the July 2025 Convertible Note at any time without penalty.

As consideration for the two investors' purchase of the July 2025 Convertible Note, the Company issued 5,000 shares of restricted common stock to each investor as a commitment fee. The Company recorded a total debt discount of $26,800 related to the common stock issued to the two investors, which was amortized over the term of the July 2025 Convertible Note.

In March 2026, the Company repaid in full the July 2025 Convertible Note.

The convertible notes payable as of June 30, 2026 and December 31, 2025 was as follows:

	June 30, 2026	December 31, 2025
Principal amount	$ -	$ 745,950
Less: unamortized debt discount	-	(8,932)
Convertible note payable, net	$ -	$ 737,018

For the three months ended June 30, 2026 and 2025, amortization of debt discount related to convertible note payable amounted to $0 and $780,602 (including the initial fair value of the Second Warrant of $621,353), respectively, which have been included in interest expense — amortization of debt discount and debt issuance costs on the accompanying condensed consolidated statements of operations and comprehensive loss. For the six months ended June 30, 2026 and 2025, amortization of debt discount related to convertible note payable amounted to $8,932 and $1,064,357 (including the initial fair value of the Second Warrant of $621,353), respectively, which have been included in interest expense — amortization of debt discount and debt issuance costs on the accompanying condensed consolidated statements of operations and comprehensive loss.

For the three months ended June 30, 2026 and 2025, interest expense related to convertible note payable amounted to $0 and $82,755, respectively, which have been included in interest expense — other on the accompanying condensed consolidated statements of operations and comprehensive loss. For the six months ended June 30, 2026 and 2025, interest expense related to convertible note payable amounted to $23,192 and $164,711, respectively, which have been included in interest expense — other on the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 8 – BRIDGE LOAN PAYABLE, NET

On December 11, 2025, the Company entered into a securities purchase agreement with Allen O Cage Jr., an individual, pursuant to which the Company issued an unsecured bridge note with a maturity date of April 15, 2026, in the principal sum of $375,000. The bridge note carried an original issue discount of $75,000. Accordingly, on December 11, 2025, Allen paid the purchase price of $300,000 to the Company for the bridge note. This bridge note did not bear interest. The Company was required to make the following payments in cash to Allen under the bridge note: (i) $125,000 on February 15, 2026, (ii) $125,000 on March 15, 2026, and (iii) $125,000 on April 15, 2026. Upon the occurrence of an event of default under the bridge note, Allen may convert the bridge note into the Company's common stock at a conversion price equal to 50% of the volume weighted average price of the Company's common stock during the five (5) trading day period prior to the respective conversion date (the "Conversion Price"), subject to adjustment as provided in the bridge note as well as beneficial ownership limitations. The Conversion Price may not be lower than the floor price, which is equal to 80% of the Minimum Price (as such term is defined by the rules and regulations of the Nasdaq Stock Market LLC, Rule 5635(d)(1)(A)) measured from the effective date of the securities purchase agreement, or such lower amount as permitted, from time to time, by the Nasdaq Stock Market, subject to downward adjustments for share splits, share dividends, share combinations, recapitalizations or other similar events (for the avoidance of doubt, share splits, share dividends, share combinations, recapitalizations or other similar events shall not cause an adjustment to increase the floor price). The Company agreed to issue 100,000 shares of its common stock as a commitment fee to Allen pursuant to the securities purchase agreement. The securities purchase agreement contains customary representations, warranties, and covenants of the Company. The issuance of such 100,000 shares as well as any conversion of the bridge note into shares of the Company's common stock is subject to the prior shareholder approval of the Company as is required by the applicable rules and regulations of the Nasdaq Stock Market (or any successor entity).

On February 15, 2026, the Company entered into Amendment (the "Note Amendment") to unsecured bridge note. The Note Amendment extended the time periods under the bridge note for the first payment deadline, the second payment deadline and third payment deadline as follows: (i) the first payment deadline under this Note Amendment is extended to March 16, 2026 from February 15, 2026; the second payment deadline under the Note Amendment is extended to April 15, 2026 from March 15, 2026 and (iii) the third payment deadline under the Note Amendment is extended to May 15, 2026 from April 15, 2026.

In connection with the issuance of the bridge note, the Company incurred debt issuance costs of $18,846 which was capitalized and had been amortized into interest expense over the term of the bridge note.

In accordance with ASC 480-10-25-14, the Company determined that the conversion provisions contain an embedded derivative feature and the Company valued the derivative feature separately, recording debt discount and derivative liability in accordance with the provisions of the bridge note. However, management determined the probability of occurrence of an event of default under the bridge note was remote and as such the fair value of the embedded conversion feature had been estimated to be zero.

The Company recorded a total debt discount of $213,000 related to the original issue discount and common shares which the Company agreed to issue as a commitment fee to Allen, which was amortized over the term of the bridge note.

In March and April 2026, the Company repaid in full the bridge note.

The bridge loan payable as of June 30, 2026 and December 31, 2025 was as follows:

	June 30, 2026	December 31, 2025
Principal amount	$ -	$ 375,000
Less: unamortized debt issuance costs	-	(14,441)
Less: unamortized debt discount	-	(163,218)
Convertible note payable, net	$ -	$ 197,341

For the three months ended June 30, 2026, amortization of debt discount and debt issuance costs related to the bridge note amounted to $9,200 which have been included in interest expense — amortization of debt discount and debt issuance cost on the accompanying condensed consolidated statements of operations and comprehensive loss.

For the six months ended June 30, 2026, amortization of debt discount and debt issuance costs related to the bridge note amounted to $177,659 which have been included in interest expense — amortization of debt discount and debt issuance cost on the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 9 – NOTE PAYABLE, NET

In February 2026, the Company entered into two securities purchase agreements with Vanquish Funding Group, Inc., pursuant to which the Company issued to the investor two promissory notes in the principal amount of $467,820, for a purchase price of $414,000, reflecting an original issue discount of $53,820 (the "Note"). The Note carries a one-time interest charge of $56,138 and is repayable in seven monthly payments beginning August 15, 2026 in the amount of $288,176 and for the next 6 months thereafter in the amount of $39,297. The Note matures on February 15, 2027. In connection with the issuance of the two promissory notes, the Company incurred debt issuance costs of $34,000 which is capitalized and will be amortized into interest expense over the term of the two promissory notes.

On March 25, 2026, the Company entered into a Business Loan and Security Agreement (the "Business Loan Agreement") with Agile Lending LLC, pursuant to which the Company obtained a loan from the investor in the principal amount of $787,500 (the "Business Loan"), with net proceeds to the Company of $750,000, following the payment of an administration fee of $37,500, with a total repayment amount of $1,134,000, including interest charges of $346,500 (assuming all payments are made on time and the Business Loan is not prepaid) repayable in 30 weekly installments of $37,800 with a maturity date of October 22, 2026. Pursuant to the Business Loan Agreement, the Company granted the investor a continuing security interest in certain collateral (as defined in the Business Loan Agreement). In connection with the Business Loan, the Company issued the investor a Confessed Judgement Secured Promissory Note (the "Secured Note") dated March 25, 2026 in the amount $787,500 with a maturity date of October 22, 2026. In the second quarter of 2026, the Company made repayments in 13 weekly installments of $37,800, representing principal of $26,250 and interest of $11,550, to Agile Lending LLC. On June 30, 2026, the Company entered into a limited one-time waiver and consent with Agile Lending LLC, pursuant to which the Company obtained a limited, one-time waiver and consent permitting the Company to incur new preferred stock and the Company agreed to issue 200,000 shares of its common stock to Agile Lending LLC (See Note 12 – Common Shares Issued upon Waiver to Enter into Note Agreement). The Company recorded debt discount of $58,200 related to the 200,000 common shares issued to Agile Lending LLC, which will be amortized over the rest term of the Business Loan.

On June 1, 2026, the Company issued promissory note to Dune Equity Holdings LLC ("Dune") in the principal amount of $250,000 (inclusive of a $50,000 original issuance discount) (the "Dune Note") for gross proceeds of $200,000. The Dune Note matures on December 1, 2026 and has a one-time interest charge equal to 18.75% of the principal amount, or $46,875, payable in cash. Any principal or accrued but unpaid interest on the Dune Note which is not paid when due shall accrue interest at a rate of 10% per annum (the "Dune Default Interest"). The principal amount of the Dune Note together with accrued but unpaid interest shall be paid as follows: (i) $62,500 shall be paid on each of September 1, 2026, October 1, 2026 and November 1, 2026 and (ii) the total remaining balance of the Dune Note shall be paid on December 1, 2026.

On June 2, 2026, the Company issued promissory note to FirstFire Global Opportunities Fund, LLC ("FirstFire") in the principal amount of $250,000 (inclusive of a $50,000 original issuance discount) (the "FirstFire Note") for gross proceeds of $200,000. The FirstFire Note matures on December 1, 2026 and has a one-time interest charge equal to 18.75% of the principal amount, or $46,875, payable in cash. Any principal or accrued but unpaid interest on the FirstFire Note which is not paid when due shall accrue interest at a rate of 10% per annum (the "FirstFire Default Interest"). The principal amount of the FirstFire Note together with accrued but unpaid interest shall be paid as follows: (i) $62,500 shall be paid on each of September 1, 2026, October 1, 2026 and November 1, 2026 and (ii) the total remaining balance of the FirstFire Note shall be paid on December 1, 2026.

The note payable as of June 30, 2026 is as follows:

	June 30, 2026
Principal amount	$ 1,414,070
Less: unamortized debt issuance costs	(29,761)
Less: unamortized debt discount	(195,609)
Note payable, net	$ 1,188,700

For the three months ended June 30, 2026, amortization of debt discount and debt issuance costs related to note payable amounted to $56,124 which have been included in interest expense — amortization of debt discount and debt issuance cost on the accompanying condensed consolidated statements of operations and comprehensive loss. For the six months ended June 30, 2026, amortization of debt discount and debt issuance costs related to note payable amounted to $68,150 which have been included in interest expense — amortization of debt discount and debt issuance cost on the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 9 – NOTE PAYABLE, NET (continued)

For the three months ended June 30, 2026, interest expense related to note payable amounted to $177,763 which have been included in interest expense - other on the accompanying condensed consolidated statements of operations and comprehensive loss. For the six months ended June 30, 2026, interest expense related to note payable amounted to $196,100 which have been included in interest expense - other on the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 10 – DERIVATIVE LIABILITY

On May 23, 2023, the Company issued 667 warrants with an exercise price of $67.50 exercisable until May 23, 2028 to a third party as a finder's fee. Upon evaluation, the warrants meet the definition of a derivative liability under ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. Accordingly, the fair value of the 667 warrants was classified as a derivative liability on May 23, 2023. On June 30, 2026, the estimated fair value of the 667 warrants was $3. The estimated fair value of the warrants was computed as of June 30, 2026 using Black-Scholes option-pricing model, with the following assumptions: stock price of $0.29, volatility of 138.06%, risk-free rate of 4.14%, annual dividend yield of 0% and expected life of 1.9 years.

On July 6, 2023, the Company issued 222 warrants with an exercise price of $67.50 exercisable until July 6, 2028 to a third party as a finder's fee. Upon evaluation, the warrants meet the definition of a derivative liability under ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. Accordingly, the fair value of the 222 warrants was classified as a derivative liability on July 6, 2023. On June 30, 2026, the estimated fair value of the 222 warrants was $1. The estimated fair value of the warrants was computed as of June 30, 2026 using Black-Scholes option-pricing model, with the following assumptions: stock price of $0.29, volatility of 135.73%, risk-free rate of 4.14%, annual dividend yield of 0% and expected life of 2.0 years.

On October 9, 2023, the Company issued 560 warrants with an exercise price of $37.50 exercisable until October 9, 2028 to a third party as a finder's fee. Upon evaluation, the warrants meet the definition of a derivative liability under ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. Accordingly, the fair value of the 560 warrants was classified as a derivative liability on October 9, 2023. On June 30, 2026, the estimated fair value of the 560 warrants was $8. The estimated fair value of the warrants was computed as of June 30, 2026 using Black-Scholes option-pricing model, with the following assumptions: stock price of $0.29, volatility of 135.24%, risk-free rate of 4.14%, annual dividend yield of 0% and expected life of 2.3 years.

On March 7, 2024, the Company issued 700 warrants with an exercise price of $30.00 exercisable until March 7, 2029 to a third party as a finder's fee. Upon evaluation, the warrants meet the definition of a derivative liability under ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. Accordingly, the fair value of the 700 warrants was classified as a derivative liability on March 7, 2024. On June 30, 2026, the estimated fair value of the 700 warrants was $14. The estimated fair value of the warrants was computed as of June 30, 2026 using Black-Scholes option-pricing model, with the following assumptions: stock price of $0.29, volatility of 126.53%, risk-free rate of 4.15%, annual dividend yield of 0% and expected life of 2.7 years.

On June 5, 2024, the Company issued 5,333 warrants with an exercise price of $9.75 exercisable until June 5, 2029 to a third party as a finder's fee. Upon evaluation, the warrants meet the definition of a derivative liability under ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. Accordingly, the fair value of the 5,333 warrants was classified as a derivative liability on June 5, 2024. On June 30, 2026 the estimated fair value of the 5,333 warrants was $263. The estimated fair value of the warrants was computed as of June 30, 2026 using Black-Scholes option-pricing model, with the following assumptions: stock price of $0.29, volatility of 122.18%, risk-free rate of 4.15%, annual dividend yield of 0% and expected life of 2.9 years.

On June 5, 2024, the Company issued 80,000 warrants with an exercise price of $7.50 exercisable until June 5, 2029 to Mast Hill (See Note 7). Upon evaluation, the warrants meet the definition of a derivative liability under ASC 815, as the Company cannot avoid a net cash settlement under certain circumstances. Accordingly, the fair value of the 80,000 warrants was classified as a derivative liability on June 5, 2024. On February 11, 2026, the exercise price was adjusted to $1.00 and number of shares underlying was adjusted to 600,000 based on certain specified events. On February 19, 2026, the exercise price was adjusted to $0.38 and number of shares underlying was adjusted to 1,558,543 based on certain specified events. On February 19, 2026, 408,332 warrants were cashless exercised. On February 24, 2026, the exercise price was adjusted to $0.32 and number of shares underlying was adjusted to 1,405,721 based on certain specified events. On February 24, 2026, 304,529 warrants were cashless exercised. On February 26, 2026, 1,020,710 warrants were cashless exercised. On June 30, 2026, the exercise price was adjusted to $0.21 and number of shares underlying was adjusted to 122,874 based on certain specified events. On June 30, 2026, the estimated fair value of the remaining 122,874 warrants was $27,501. The estimated fair value of the warrants was computed as of June 30, 2026 using Black-Scholes option-pricing model, with the following assumptions: stock price of $0.29, volatility of 122.18%, risk-free rate of 4.15%, annual dividend yield of 0% and expected life of 2.9 years.

NOTE 10 – DERIVATIVE LIABILITY (continued)

Change in fair value of the derivative liability are included as a component of total other expenses in the accompanying condensed consolidated statements of operations and comprehensive loss. The changes to the derivative liability resulted in a decrease of $1,652 and $561,176 in the derivative liability and the corresponding increase in other income as a gain for the three months ended June 30, 2026 and 2025, respectively. The changes to the derivative liability resulted in an increase of $1,275,237 and a decrease of $446,816 in the derivative liability and the corresponding increase in other expense as a loss for the six months ended June 30, 2026 and increase in other income as a gain for the six months ended June 30, 2025, respectively.

NOTE 11 – RELATED PARTY TRANSACTIONS

Services Provided by Related Party

From time to time, Wilbert Tauzin, a former director of the Company, and his son provide consulting services to the Company. As compensation for professional services provided, the Company recognized consulting expenses of $40,382 and $15,597 for the three months ended June 30, 2026 and 2025, respectively, which have been included in professional fees on the accompanying condensed consolidated statements of operations and comprehensive loss. As compensation for professional services provided, the Company recognized consulting expenses of $55,382 and $30,794 for the six months ended June 30, 2026 and 2025, respectively, which have been included in professional fees on the accompanying condensed consolidated statements of operations and comprehensive loss. As of June 30, 2026 and December 31, 2025, the accrued and unpaid services charge related to this director’s son amounted to $0 and $6,835, respectively, which have been included in accrued professional fees on the accompanying condensed consolidated balance sheets.

Accrued Liabilities and Other Payables – Related Parties

In 2017, the Company acquired Genexosome’s subsidiary, which was dissolved in 2022, for a cash payment of $450,000. As of both June 30, 2026 and December 31, 2025, the unpaid acquisition consideration of $100,000, was payable to Dr. Yu Zhou, former director and former co-chief executive officer and 40% owner of Genexosome, and has been included in accrued liabilities and other payables — related party on the accompanying condensed consolidated balance sheets.

Membership Interest Purchase Agreement

On November 17, 2023, the Company entered into a Membership Interest Purchase Agreement with Mr. Lu, the Company’s chairman of the Board of Directors, pursuant to which (i) Mr. Lu will acquire from the Company 30% of the total outstanding membership interests of Avalon RT 9, a wholly owned subsidiary of the Company, for a cash purchase price of $3,000,000 (the “Acquisition”), and (ii) for a period of twelve months following the closing of the Acquisition, Mr. Lu shall have the option to purchase from the Company up to an additional 70% of the outstanding membership interests of Avalon RT 9 for a purchase price of up to $7,000,000 (the “Option”), subject to the terms and conditions of a membership interest purchase agreement to be negotiated and entered into between Mr. Lu and the Company at such time that Mr. Lu desires to exercise the Option.

On February 18, 2026, the Company and Mr. Lu entered into an Amended and Restated Membership Interest Purchase Agreement (the “Amended MIPA”), pursuant to which the Company sold to Mr. Lu 100% of the membership interests of Avalon RT9 for $9.0 million, the fair market value on transaction date. The Company recorded proceeds in excess of its carrying value (approximately $1.9 million) to additional paid-in capital as a result of the capital transaction with related party under applicable SEC regulations.

The Company received $3,158,078 from Mr. Lu as of December 31, 2025, which was recorded as advance from pending sale of subsidiary – related party on the accompanying condensed consolidated balance sheets. The advance of $3,158,078 was applied to the proceeds of $9.0 million on February 18, 2026. Therefore, as of June 30, 2026, the advance from pending sale of subsidiary – related party was $0.

Exchange Agreement

On February 18, 2026, the Company entered into an Exchange Agreement with its Chairman, Wenzhao Lu, under which it agreed to issue Mr. Lu 2,074,689 shares of its common stock (the “Exchange Shares”) for the 5,000 shares of Series D Preferred Stock held by him, following shareholder approval. The Exchange Shares was equal to the total of shares of common stock Mr. Lu would have been entitled to receive upon conversion of his Series D Preferred Stock. The Exchange Shares were issued to Mr. Lu on May 6, 2026 following shareholder approval at which time the shares of Series D Preferred Stock were cancelled.

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

Office Space from Related Party

Commencing on March 1, 2026, the Company leases office space from Avalon RT 9, which is wholly owned by Wenzhao Lu, the Company's chairman of the Board of Directors. For the three and six months ended June 30, 2026, rent expense related to office leased from Avalon RT 9 amounted $1,000 and $4,000, respectively, which have been included in general and administrative - other on the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 12 – EQUITY

The Company is authorized to issue an aggregate of 100,000,000 shares of common stock and 10,000,000 shares of "blank check" preferred stock.

Series C Convertible Preferred Stock

On December 13, 2024, the Company filed a certificate of designations of preferences, rights, and limitations of Series C Preferred Stock (the "Series C Certificate of Designations") with the Department of State, Division of Corporations, of the State of Delaware, which provides for the designation of 10,000 shares of Series C Preferred Stock of the Company, par value $0.0001 per share. Each share of Series C Preferred Stock has a stated value of $1,000.

The Series C Preferred Stock shall rank (i) senior to the Company's common stock and any other class or series of capital stock of the Company created hereafter, the terms of which specifically provide that such class or series shall rank junior to the Series C Preferred Stock, (ii) pari passu with any class or series of capital stock of the Company created hereafter specifically ranking, by its terms, on par with the Series C Preferred Stock, (iii) pari passu with Series B Preferred Stock of the Company with respect to its rights, preferences and restrictions, and (iv) subordinate to the Series A Preferred Stock of the Company.

Holders of the Series C Preferred Stock shall be entitled to receive, and the Company shall pay, dividends on shares of Series C Preferred Stock equal (on an as-if-converted-to-common-stock basis, disregarding for such purpose any conversion limitations hereunder) to and in the same form as dividends actually paid on shares of the common stock when, as and if such dividends are paid on shares of the common stock.

Holders of the Series C Preferred Stock have no voting power except as otherwise required by the Delaware General Corporation Law.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the holders of the Series C Preferred Stock shall be entitled to receive out of the assets available for distribution to stockholders, (i) after and subject to the payment in full of all amounts required to be distributed to the holders of another class or series of stock of the Company ranking on liquidation prior and in preference to the Series C Preferred Stock, including the Series A Preferred Stock, (ii) ratably with any class or series of stock ranking on liquidation on parity with the Series C Preferred Stock and (iii) in preference and priority to the holders of the shares of common stock, an amount equal to 100% of the Stated Value of the Series C Preferred Stock, in proportion to the full and preferential amount that all shares of the Series C Preferred Stock are entitled to receive.

Each share of Series C Preferred Stock shall be convertible into common stock (the "Series C Conversion Shares") at a conversion per share equal to $2.41, at the option of the holder, at any time after the later of (i) the date of the shareholder approval of the issuance of the Series C Conversion Shares pursuant to the rules of the Nasdaq Stock Market and (ii) the one year anniversary of the date of the first issuance of any shares of the Series C Preferred Stock. In addition, the holder shall not have the right to convert any portion of the Series C Preferred Stock if, after giving effect to the conversion, such holder (together with its affiliates) would beneficially own in excess of 19.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of the respective Series C Conversion Shares. On May 29, 2025, the Company filed a certificate of amendment to the Series C Certificate of Designations, pursuant to which the beneficial ownership limitation of 19.99% was amended to 4.99%.

In March 2026, 723 shares of Series C Preferred Stock were converted into 300,000 shares of the Company's common stock. The conversion was done pursuant to the terms of Series C Preferred Stock. Therefore, no gain or loss was recognized for the conversion.

In May 2026, 527 shares of Series C Preferred Stock were converted into 218,672 shares of the Company's common stock. The conversion was done pursuant to the terms of Series C Preferred Stock. Therefore, no gain or loss was recognized for the conversion.

As of June 30, 2026 and December 31, 2025, 2,550 and 3,800 shares of Series C Preferred Stock were issued and outstanding, respectively.

NOTE 12 – EQUITY (continued)

Series D Convertible Preferred Stock

On January 6, 2025, the Company filed a certificate of designations of preferences, rights, and limitations of Series D Preferred Stock (the "Series D Certificate of Designations") with the Department of State, Division of Corporations, of the State of Delaware, which provides for the designation of 5,000 shares of Series D Preferred Stock of the Company, par value $0.0001 per share, upon the terms and conditions as set forth in the Series D Certificate of Designations. Each share of Series D Preferred Stock has a stated value of $1,000.

The Series D Preferred Stock shall rank (i) senior to the Company's common stock and any other class or series of capital stock of the Company created hereafter, the terms of which specifically provide that such class or series shall rank junior to the Series D Preferred Stock, (ii) pari passu with any class or series of capital stock of the Company created hereafter specifically ranking, by its terms, on par with the Series D Preferred Stock, (iii) pari passu with the Series B Preferred Stock of the Company with respect to its rights, preferences and restrictions, and (iv) pari passu with the Series C Preferred Stock of the Company.

Holders of the Series D Preferred Stock have no voting power except as otherwise required by the Delaware General Corporation Law.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the holders of the Series D Preferred Stock shall be entitled to receive out of the assets available for distribution to stockholders, (i) after and subject to the payment in full of all amounts required to be distributed to the holders of another class or series of stock of the Company ranking on liquidation prior and in preference to the Series D Preferred Stock, including the Series A Preferred Stock, (ii) ratably with any class or series of stock ranking on liquidation on parity with the Series D Preferred Stock and (iii) in preference and priority to the holders of the shares of common stock, an amount equal to 100% of the Stated Value of the Series D Preferred Stock, in proportion to the full and preferential amount that all shares of the Series D Preferred Stock are entitled to receive.

Each share of Series D Preferred Stock shall be convertible into common stock (the "Series D Conversion Shares") at a conversion per share equal to $2.41, at the option of the holder, at any time after the Company has obtained shareholder approval for the issuance of the Series D Conversion Shares pursuant to the rules of the Nasdaq Stock Market. In addition, the holder shall not have the right to convert any portion of the Series D Preferred Stock if, after giving effect to the conversion, such holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of the respective Series D Conversion Shares.

On May 6, 2026, the Company issued 2,074,689 shares of its common stock (the "Exchange Shares") to its chairman, Wenzhao Lu following shareholder approval in exchange for 5,000 shares of the Company's Series D Preferred Stock held by him, which shares of Series D Preferred Stock were cancelled. The Exchange Shares issued was equal to the total of shares of common stock Mr. Lu would have been entitled to receive upon conversion of his Series D Preferred Stock.

As of June 30, 2026 and December 31, 2025, 0 and 5,000 shares of Series D Preferred Stock were issued and outstanding, respectively.

Series E Convertible Preferred Stock

On December 12, 2025, the Company filed a certificate of designations of preferences, rights, and limitations of Series E Non-Voting Convertible Preferred Stock (the "Series E Certificate of Designations") with the Department of State, Division of Corporations, of the State of Delaware, which provides for the designation of 19,500 shares of Series E Preferred Stock of the Company, par value $0.0001 per share, upon the terms and conditions as set forth in the Series E Certificate of Designations. Each share of Series E Preferred Stock has a Stated Value of $1,000.

The Series E Preferred Stock shall rank (i) senior to the Company's Common Stock and any other class or series of capital stock of the Company created hereafter, the terms of which specifically provide that such class or series shall rank junior to the Series E Preferred Stock, (ii) pari passu with any class or series of capital stock of the Company created hereafter specifically ranking, by its terms, on par with the Series E Preferred Stock, (iii) pari passu with Series C Convertible Preferred Stock of the Company with respect to its rights, preferences and restrictions, and (iv) pari passu the Series D Convertible Preferred Stock of the Company.

Holders of the Series E Preferred Stock shall be entitled to receive, and the Company shall pay, dividends on shares of Series E Preferred Stock equal (on an as-if-converted-to-Common-Stock basis, disregarding for such purpose any conversion limitations hereunder) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock.

NOTE 12 – EQUITY (continued)

Series E Convertible Preferred Stock (continued)

Holders of the Series E Preferred Stock have no voting power except as otherwise required by the Delaware General Corporation Law. Notwithstanding the foregoing, in addition, as long as any shares of Series E Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series E Preferred Stock, voting as a separate class, (a) alter or change adversely the powers, preferences or rights given to the Series E Preferred Stock in this Certificate of Designation, (b) increase the number of authorized shares of Series E Preferred Stock, (c) authorize or issue an additional class or series of capital stock that ranks senior to the Series E Preferred Stock with respect to the distribution of assets on liquidation, or (d) enter into any agreement with respect to any of the foregoing.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the holders of the Series E Preferred Stock shall be entitled to receive out of the assets available for distribution to stockholders, (i) after and subject to the payment in full of all amounts required to be distributed to the holders of another class or series of stock of the Company ranking on liquidation prior and in preference to the Series E Preferred Stock, including the Series A Preferred Stock, (ii) ratably with any class or series of stock ranking on liquidation on parity with the Series E Preferred Stock and (iii) in preference and priority to the holders of the shares of Common Stock, an amount equal to the greater of (i) 100% of the Stated Value of the Series E Preferred Stock, in proportion to the full and preferential amount that all shares of the Series E Preferred Stock are entitled to receive or (ii) such amount per share as would have been payable had all shares of Series E Preferred Stock been converted into Common Stock (without regard to any limitations on conversion set forth herein or otherwise) pursuant to Section 6 immediately prior to such Liquidation.

Each share of Series E Preferred Stock shall be convertible into Common Stock (the "Conversion Shares"), at any time from and after May 12, 2026, or such earlier time as consented to by the Company in writing at the option of the Holder thereof, into that number of shares of Common Stock (subject to certain limitations, determined by dividing the Stated Value of such share of Series E Preferred Stock by the Conversion Price of $1.50. In addition, the holder shall not have the right to convert any portion of the Series E Preferred Stock if, after giving effect to the conversion, such holder (together with its affiliates) would beneficially own in excess 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Series E Preferred Stock held by the applicable holder.

In addition, the Company shall not issue any shares of Common Stock upon conversion of the Series E Preferred Stock or otherwise pursuant to the terms of the Series E Certificate of Designation if the issuance of such shares of Common Stock would exceed the aggregate number of shares of Common Stock which the Company may issue upon exercise or conversion (as the case may be) of the Series E Preferred Stock without breaching the Company's obligations under the rules and regulations the listing rules of the Company's Principal Market (the maximum number of shares of Common Stock which may be issued without violating such rules and regulations, the "Exchange Cap"), except that such limitation shall not apply in the event that the Company (A) obtains the approval of its stockholders as required by the applicable rules and regulations of the Principal Market for issuances of shares of Common Stock in excess of such amount (the "Stockholder Approval Date") or (B) obtains a written opinion from outside counsel to the Company that such approval is not required, which opinion shall be reasonably satisfactory to the Required Holders (as defined in the Series E Certificate of Designation).

In May 2026, 104 shares of Series E Preferred Stock were converted into 69,000 shares of the Company's common stock. The conversion was done pursuant to the terms of Series E Preferred Stock. Therefore, no gain or loss was recognized for the conversion.

As of June 30, 2026 and December 31, 2025, 19,396 and 19,500 shares of Series E Preferred Stock were issued and outstanding, respectively.

Common Shares and Warrants Sold for Cash from the February 2026 Private Offering

In February 2026, the Company entered into securities purchase agreements (the "Purchase Agreements") with certain institutional investors (the "Purchasers") for the issuance and sale in a private placement (the "Private Placement") of (i) 490,197 shares (the "Shares") of the Company's common stock at a purchase price of $0.51 per Share; (ii) pre-funded warrants (the "Pre-Funded Warrants") at a purchase price of 0.5099 per Pre-Funded Warrant to purchase up to an aggregate of 5,882,353 shares of Common Stock (the "Pre-Funded Warrant Shares"); (iii) Series A-1 warrants to purchase up to 6,372,550 shares of Common Stock (the "Series A-1 Warrants," and the shares issuable upon exercise thereof, the "Series A-1 Warrant Shares") and (iv) Series A-2 warrants to purchase up to 6,372,550 shares of Common Stock (the "Series A-2 Warrants," together with the Series A-1 Warrants, the "Warrants") and the shares issuable upon exercise thereof, the "Series A-2 Warrant Shares," together with the Series A-1 Warrant Shares, the "Warrant Shares"). The Shares, the Pre-Funded Warrants, the Pre-Funded Warrant Shares, the Warrants and the Warrant Shares are collectively referred to herein as the "Securities". The total gross proceeds were $3,249,412.

NOTE 12 – EQUITY (continued)

Common Shares and Warrants Sold for Cash from the February 2026 Private Offering (continued)

Each Warrant has an exercise price of $0.51 per share. The Warrants are not exercisable until the Stockholders of the Company approve the issuance of the Warrants and the Warrant Shares upon the exercise thereof (the “Stockholder Approval”). The Series A-1 Warrants will expire five (5) years following the date of Stockholder Approval. The Series A-2 Warrants will expire eighteen (18) months following the date of Stockholder Approval. A holder may not exercise any portion of the Common Warrants to the extent the Purchaser would own more than 4.99% of the outstanding Common Stock immediately after exercise. A holder may increase or decrease this percentage with respect to either the Series A-1 Common Warrants or the Series A-2 Common Warrants to a percentage not in excess of 9.99%, except that any such increase shall require at least 61 days’ prior notice to the Company.

The Prefunded Warrants are immediately exercisable and may be exercised at a nominal exercise price of $0.0001 per share of Common Stock at any time until all of the Prefunded Warrants are exercised in full. A holder may not exercise any portion of the Common Warrants to the extent the Purchaser would own more than 4.99% of the outstanding Common Stock immediately after exercise. A holder may increase or decrease this percentage with respect to Prefunded Warrants to a percentage not in excess of 9.99%, except that any such increase shall require at least 61 days’ prior notice to the Company.

As compensation to H.C. Wainwright & Co., LLC as the exclusive placement agent in connection with the Private Placement (the “Placement Agent”), the Company paid the Placement Agent a cash fee of 7.0% of the aggregate gross proceeds raised in the Private Placement, plus a management fee equal to 1.0% of the gross proceeds raised in the Private Placement and reimbursement of certain expenses and legal fees. The Company also issued warrants to designees of the Placement Agent (the “Placement Agent Warrants”) to purchase up to 5.0% of the aggregate number of shares of Common Stock placed in the Offering, equating to 318,628 shares of Common Stock (the “Placement Agent Warrant Shares”). The Placement Agent Warrants have substantially the same terms as the Series A-1 Warrants, except that the Placement Agent Warrants have an exercise price equal to $0.6375 per share.

In connection with the Private Placement, the Company entered into a registration rights agreement (the “Registration Rights Agreement”), dated as of February 26, 2026, with the Purchaser, pursuant to which the Company agreed to prepare and file a registration statement with the Securities and Exchange Commission (the “SEC”) registering the resale of Shares and the shares of Common Stock underlying the Pre-Funded Warrants and the Common Warrants no later than 45 days after the date of the Registration Rights Agreement, and to use best efforts to have the registration statement declared effective as promptly as practical thereafter, and in any event no later than 75 days following the date of the Registration Rights Agreement (or 90 days following the date of the Registration Rights Agreement in the event of a “full review” by the Securities and Exchange Commission).

The fair value of the Series A-1 Warrants was $6,009,845 and was based on the Black-Scholes pricing model. Input assumptions used were as follows: stock price per share of $1.09, a risk-free interest rate of 3.57%; expected volatility of 108.52%; expected life of 5.0 years; and expected dividend yield of 0%.

The fair value of the Series A-2 Warrants was $5,328,870 and was based on the Black-Scholes pricing model. Input assumptions used were as follows: stock price per share of $1.09, a risk-free interest rate of 3.42%; expected volatility of 147.59%; expected life of 1.5 years; and expected dividend yield of 0%.

The fair value of the Placement Agent Warrants was $294,001 and was based on the Black-Scholes pricing model. Input assumptions used were as follows: stock price per share of $1.09, a risk-free interest rate of 3.57%; expected volatility of 108.52%; expected life of 5.0 years; and expected dividend yield of 0%.

$3,154,455 of the total gross proceeds was allocated to the Pre-Funded Warrants, Series A-1 Warrants, and Series A-2 Warrants based on the relative fair value allocation method, which has been reflected in shareholders’ equity. These warrants were classified in shareholders’ equity as the number of shares were fixed and determinable, and no other provisions precluded equity treatment. $94,957 of the total gross proceeds was allocated as the value of common shares.

The direct costs related to the issuance of the common shares and these warrants were $786,601. These direct costs were recorded as an offset against gross proceeds with $763,614 being recorded in additional paid-in capital and $22,987 being recorded in common shares on a relative fair value basis.

NOTE 12 – EQUITY (continued)

Common Shares Issued for Services

During the six months ended June 30, 2026, the Company issued a total of 655,000 shares of its common stock for services rendered and to be rendered. These shares were valued at $583,475, the fair market values on the grant dates using the reported closing share prices on the dates of grant, and the Company recorded stock-based compensation expense of $454,430 for the six months ended June 30, 2026 and reduced accrued liabilities of $96,600 and recorded prepaid expense of $32,445 as of June 30, 2026 which will be amortized over the rest of corresponding service periods.

Common Shares Issued for Pre-funded Warrant Cashless Exercise

In January 2026, the Company issued an aggregate of 354,257 shares of its common stock upon cashless exercise of pre-funded warrants to purchase 354,300 shares of common stock.

Common Shares Issued for Warrant Cashless Exercise

In February 2026, pursuant to the terms of related warrant agreements, the Company issued an aggregate of 1,268,672 shares of its common stock upon cashless exercise of warrants to purchase 1,733,571 shares of common stock.

Common Shares Issued for Pre-funded Warrant Cash Exercise

In April and June 2026, the Company issued an aggregate of 2,541,353 shares of its common stock upon cash exercise of pre-funded warrants to purchase 2,541,353 shares of common stock for aggregate proceeds of $254.

Common Shares Issued for Debt Conversion

In January 2026, the June 2024 Convertible Note holder converted its June 2024 Convertible Note in the principal amount of $545,950 and unpaid interest of $5,524 into 551,474 shares of common stock of the Company at a per share price of $1.00. The conversion was done pursuant to the terms of June 2024 Convertible Note. Therefore, no gain or loss was recognized for the conversion.

Common Shares Issued for Accrued Bridge Loan Payable Commitment Fee

In June 2026, the Company issued 100,000 shares of its common stock for accrued commitment fee for the purchase of bridge loan. These shares were valued at $138,000, the fair market value on the grant date using the reported closing share price on the date of grant, and the Company reduced accrued commitment fee of $138,000.

Common Shares Issued upon Waiver to Enter into Note Agreement

In June 2026, the Company issued 200,000 shares of its common stock in consideration a waiver. These shares were valued at $58,200, the fair market value on the grant date using the reported closing share price on the date of grant, and the Company recorded it as debt discount (See Note 9 – Note Payable, Net).

Options

The following table summarizes the shares of the Company's common stock issuable upon exercise of options outstanding at June 30, 2026:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number Outstanding at June 30, 2026	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at June 30, 2026	Weighted Average Exercise Price
$ 0.28 – 31.20	2,164,219	3.00	$ 0.31	1,666,163	$ 0.32
$ 48.75 – 123.00	18,117	0.73	$ 79.87	18,117	$ 79.87
$ 154.50 – 228.00	7,500	3.57	$ 226.43	7,500	$ 226.43
$ 0.28 – 228.00	2,189,836	2.98	$ 1.74	1,691,780	$ 2.17

NOTE 12 – EQUITY (continued)

Options (continued)

Stock option activity for the six months ended June 30, 2026 was as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2026	41,169	$ 79.43
Granted	2,150,000	0.28
Expired	(1,333)	(44.48)
Outstanding at June 30, 2026	2,189,836	$ 1.74
Options exercisable at June 30, 2026	1,691,780	$ 2.17
Options expected to vest	498,056	$ 0.28

The aggregate intrinsic value of stock options outstanding and stock options exercisable at June 30, 2026 was approximately $19,000 and $15,000, respectively.

The fair values of options granted during the six months ended June 30, 2026 were estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: volatility of 121.81%, risk-free rate of 4.10%, annual dividend yield of 0%, and expected life of 1.50 - 3.00 years. The aggregate fair value of the options granted during the six months ended June 30, 2026 was $360,638.

The fair values of options granted during the six months ended June 30, 2025 were estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: volatility of 105.10%, risk-free rate of 4.29%, annual dividend yield of 0%, and expected life of 3.00 years. The aggregate fair value of the options granted during the six months ended June 30, 2025 was $6,115.

For the three months ended June 30, 2026 and 2025, stock-based compensation expense (adjustment) associated with stock options granted amounted to $248,942 and $(28,085), of which, $218,483 and $4,454 was recorded as compensation and related benefits, and $30,459 and $(32,539) was recorded as professional fees, respectively.

For the six months ended June 30, 2026 and 2025, stock-based compensation expense (adjustment) associated with stock options granted amounted to $248,942 and $(18,926), of which, $218,483 and $9,312, respectively, was recorded as compensation and related benefits, and $30,459 and $(28,238) was recorded as professional fees, respectively.

A summary of the status of the Company's nonvested stock options granted as of June 30, 2026 and changes during the six months ended June 30, 2026 is presented below:

	Number of Options	Weighted Average Exercise Price
Nonvested at January 1, 2026	-	$ -
Granted	2,150,000	0.28
Vested	(1,651,944)	(0.28)
Nonvested at June 30, 2026	498,056	$ 0.28

NOTE 12 – EQUITY (continued)

Warrants (Except Pre-Funded Warrants)

The following table summarizes the shares of the Company's common stock issuable upon exercise of warrants outstanding at June 30, 2026:

	Warrants Outstanding				Warrants Exercisable		
Range of Exercise Price	Number Outstanding at June 30, 2026	Weighted Average Remaining Contractual Life (Years)		Weighted Average Exercise Price	Number Exercisable at June 30, 2026		Weighted Average Exercise Price
$ 0.21 – 0.64	13,186,602	2.95	$	0.51	13,186,602	$	0.51
$ 9.75 – 37.50	6,593	2.85	$	14.26	6,593	$	14.26
$ 67.50	889	1.93	$	67.50	889	$	67.50
$ 187.50	8,264	0.81	$	187.50	8,264	$	187.50
$ 0.21 – 187.50	13,202,348	2.95	$	0.64	13,202,348	$	0.64

Stock warrant activity for the six months ended June 30, 2026 was as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding at January 1, 2026	95,746	$	24.06
Repricing adjustment	1,776,445	$	0.33
Granted	13,063,728	$	0.51
Exercised	(1,733,571)	$	(0.33)
Outstanding at June 30, 2026	13,202,348	$	0.64
Exercisable at June 30, 2026	13,202,348	$	0.64

The aggregate intrinsic value of both stock warrants outstanding and stock warrants exercisable at June 30, 2026 was approximately $10,000.

Warrants Issued in February 2026

In February 2026, the Company entered into securities purchase agreements (the "Purchase Agreements") with certain institutional investors (the "Purchasers") for the issuance and sale in a private placement (the "Private Placement") of (i) 490,197 shares (the "Shares") of the Company's common stock at a purchase price of $0.51 per Share; (ii) pre-funded warrants (the "Pre-Funded Warrants") at a purchase price of 0.5099 per Pre-Funded Warrant to purchase up to an aggregate of 5,882,353 shares of Common Stock (the "Pre-Funded Warrant Shares"); (iii) Series A-1 warrants to purchase up to 6,372,550 shares of Common Stock (the "Series A-1 Warrants," and the shares issuable upon exercise thereof, the "Series A-1 Warrant Shares") and (iv) Series A-2 warrants to purchase up to 6,372,550 shares of Common Stock (the "Series A-2 Warrants," together with the Series A-1 Warrants, the "Warrants") and the shares issuable upon exercise thereof, the "Series A-2 Warrant Shares," together with the Series A-1 Warrant Shares, the "Warrant Shares"). The Shares, the Pre-Funded Warrants, the Pre-Funded Warrant Shares, the Warrants and the Warrant Shares are collectively referred to herein as the "Securities".

Each Warrant has an exercise price of $0.51 per share. The Warrants are not exercisable until the Stockholders of the Company approve the issuance of the Warrants and the Warrant Shares upon the exercise thereof (the "Stockholder Approval"). The Series A-1 Warrants will expire five (5) years following the date of Stockholder Approval. The Series A-2 Warrants will expire eighteen (18) months following the date of Stockholder Approval. A holder may not exercise any portion of the Common Warrants to the extent the Purchaser would own more than 4.99% of the outstanding Common Stock immediately after exercise. A holder may increase or decrease this percentage with respect to either the Series A-1 Common Warrants or the Series A-2 Common Warrants to a percentage not in excess of 9.99%, except that any such increase shall require at least 61 days' prior notice to the Company.

NOTE 12 – EQUITY (continued)

Warrants (Except Pre-Funded Warrants) (continued)

The Prefunded Warrants are immediately exercisable and may be exercised at a nominal exercise price of $0.0001 per share of Common Stock at any time until all of the Prefunded Warrants are exercised in full. A holder may not exercise any portion of the Common Warrants to the extent the Purchaser would own more than 4.99% of the outstanding Common Stock immediately after exercise. A holder may increase or decrease this percentage with respect to Prefunded Warrants to a percentage not in excess of 9.99%, except that any such increase shall require at least 61 days' prior notice to the Company.

As compensation to H.C. Wainwright & Co., LLC as the exclusive placement agent in connection with the Private Placement (the "Placement Agent"), the Company paid the Placement Agent a cash fee of 7.0% of the aggregate gross proceeds raised in the Private Placement, plus a management fee equal to 1.0% of the gross proceeds raised in the Private Placement and reimbursement of certain expenses and legal fees. The Company also issued warrants to designees of the Placement Agent (the "Placement Agent Warrants") to purchase up to 5.0% of the aggregate number of shares of Common Stock placed in the Offering, equating to 318,628 shares of Common Stock (the "Placement Agent Warrant Shares"). The Placement Agent Warrants have substantially the same terms as the Series A-1 Warrants, except that the Placement Agent Warrants have an exercise price equal to $0.6375 per share.

In connection with the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement"), dated as of February 26, 2026, with the Purchaser, pursuant to which the Company agreed to prepare and file a registration statement with the Securities and Exchange Commission (the "SEC") registering the resale of Shares and the shares of Common Stock underlying the Pre-Funded Warrants and the Common Warrants no later than 45 days after the date of the Registration Rights Agreement, and to use best efforts to have the registration statement declared effective as promptly as practical thereafter, and in any event no later than 75 days following the date of the Registration Rights Agreement (or 90 days following the date of the Registration Rights Agreement in the event of a "full review" by the Securities and Exchange Commission).

These warrants were classified in shareholders' equity as the number of shares were fixed and determinable, and no other provisions precluded equity treatment.

Warrants Exercised in February 2026

In February 2026, pursuant to the terms of related warrant agreements, 1,733,571 warrants were cashless exercised.

Pre-Funded Warrants

The number of pre-funded warrants outstanding as of June 30, 2026 is as follows:

Description	Number Outstanding		Weighted Average Exercise Price
Pre-funded warrants issued in December 2024	150,000	$	0.01
Pre-funded warrants issued in February 2026	3,341,000	$	0.0001
Outstanding at June 30, 2026	3,491,000	$	0.0005

A summary of pre-funded warrant activity during the six months ended June 30, 2026 is as follows:

	Number of Pre-Funded Warrants		Weighted Average Exercise Price
Outstanding at January 1, 2026	504,300	$	0.0030
Pre-funded warrants granted	5,882,353	$	0.0001
Pre-funded warrants exercised	(2,895,653)	$	(0.0001)
Outstanding at June 30, 2026	3,491,000	$	0.0005

NOTE 12 – EQUITY (continued)

Pre-Funded Warrants (continued)

Pre-funded Warrants Issued in February 2026

In February 2026, the Company entered into securities purchase agreements (the "Purchase Agreements") with certain institutional investors (the "Purchasers") for the issuance and sale in a private placement (the "Private Placement") of (i) 490,197 shares (the "Shares") of the Company's common stock at a purchase price of $0.51 per Share; (ii) pre-funded warrants (the "Pre-Funded Warrants") at a purchase price of 0.5099 per Pre-Funded Warrant to purchase up to an aggregate of 5,882,353 shares of Common Stock (the "Pre-Funded Warrant Shares"); (iii) Series A-1 warrants to purchase up to 6,372,550 shares of Common Stock (the "Series A-1 Warrants," and the shares issuable upon exercise thereof, the "Series A-1 Warrant Shares") and (iv) Series A-2 warrants to purchase up to 6,372,550 shares of Common Stock (the "Series A-2 Warrants," together with the Series A-1 Warrants, the "Warrants") and the shares issuable upon exercise thereof, the "Series A-2 Warrant Shares," together with the Series A-1 Warrant Shares, the "Warrant Shares"). The Shares, the Pre-Funded Warrants, the Pre-Funded Warrant Shares, the Warrants and the Warrant Shares are collectively referred to herein as the "Securities".

The Pre-funded Warrants are immediately exercisable and may be exercised at a nominal exercise price of $0.0001 per share of Common Stock at any time until all of the Prefunded Warrants are exercised in full. A holder may not exercise any portion of the Common Warrants to the extent the Purchaser would own more than 4.99% of the outstanding Common Stock immediately after exercise. A holder may increase or decrease this percentage with respect to Prefunded Warrants to a percentage not in excess of 9.99%, except that any such increase shall require at least 61 days' prior notice to the Company.

NOTE 13 - STATUTORY RESERVE AND RESTRICTED NET ASSETS

The Company's PRC subsidiary, Avalon Shanghai, is restricted in its ability to transfer a portion of its net asset to the Company. The payment of dividends by entities organized in China is subject to limitations, procedures and formalities. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China.

The Company is required to make appropriations to certain reserve funds, comprising the statutory surplus reserve and the discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the PRC ("PRC GAAP"). Appropriations to the statutory surplus reserve are required to be at least 10% of the after-tax net income determined in accordance with PRC GAAP until the reserve is equal to 50% of the entity's registered capital. Appropriations to the discretionary surplus reserve are made at the discretion of the Board of Directors. The statutory reserve may be applied against prior year losses, if any, and may be used for general business expansion and production or increase in registered capital, but are not distributable as cash dividends. The Company did not make any appropriation to statutory reserve for Avalon Shanghai during the years ended December 31, 2025 and 2024 as it incurred net loss in the periods. As of both June 30, 2026 and December 31, 2025, the restricted amount as determined pursuant to PRC statutory laws totaled $6,578.

Relevant PRC laws and regulations restrict the Company's PRC subsidiary, Avalon Shanghai, from transferring a portion of its net assets, equivalent to its statutory reserve and its share capital, to the Company's shareholders in the form of loans, advances or cash dividends. Only PRC entity's accumulated profit may be distributed as dividend to the Company's shareholders without the consent of a third party. As of both June 30, 2026 and December 31, 2025, total restricted net assets amounted to $1,206,578.

NOTE 14 – CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

Pursuant to the requirements of Rule 12-04(a), 5-04(c) and 4-08(e)(3) of Regulation S-X, the condensed financial information of the parent company shall be filed when the restricted net assets of consolidated subsidiary exceed 25% of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of this test, restricted net assets of consolidated subsidiary shall mean that amount of the Company's proportionate share of net assets of consolidated subsidiary (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiary in the form of loans, advances or cash dividends without the consent of a third party.

The Company performed a test on the restricted net assets of consolidated subsidiary in accordance with such requirement and concluded that it was not applicable to the Company as the restricted net assets of the Company's PRC subsidiary did not exceed 25% of the consolidated net assets of the Company, therefore, the condensed financial statements for the parent company have not been required.

NOTE 15 - CONCENTRATIONS

Suppliers

No supplier accounted for 10% or more of the Company's purchase during the three and six months ended June 30, 2026 and 2025.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Company is subject to ordinary routine litigation incidental to its normal business operations. The Company is not currently a party to, and its property is not subject to, any material legal proceedings, except as set forth below.

On October 28, 2019, Research Institute at Nationwide Children's Hospital ("Research Institute") filed a Complaint in the United States District Court for the Southern District of Ohio Eastern Division against Dr. Zhou, Li Chen, the Company and Genexosome with various claims against the Company and Genexosome including misappropriation of trade secrets in violation of the Defend Trade Secrets Act of 2016 and violation of Ohio Uniform Trade Secrets Act. The Company, Genexosome and the Research Institute entered into a Settlement Agreement dated June 7, 2022 (the "Settlement Date") whereby the Company agreed to pay the Research Institute $450,000 on each of the sixty-day, one year and two-year anniversaries of the Settlement Date. In addition, the Company agreed to pay the Research Institute 30% of the Company's initial pre-tax profit of $3,333,333, 20% of the Company's second pre-tax profit of $3,333,333 and 10% of the Company's third pre-tax profit of $3,333,333. The parties provided a mutual release as well. As of both June 30, 2026 and December 31, 2025, the accrued litigation settlement amounted to $363,450.

Operating Leases Commitment

The Company is a party to leases for office space. These lease agreements expire through February 2029. Rent expense under all operating leases amounted to approximately $43,000 and $59,000 for the six months ended June 30, 2026 and 2025, respectively.

Supplemental cash flow information related to leases for the six months ended June 30, 2026 and 2025 is as follows:

	Six Months Ended June 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating lease	$ 38,000	$ 45,563
Right-of-use assets obtained in exchange for lease obligation:		
Operating lease	$ 169,743	$ 127,486

The following table summarizes the lease term and discount rate for the Company's operating leases as of June 30, 2026:

	Operating Lease
Weighted average remaining lease term (in years)	2.09
Weighted average discount rate	12.0%

NOTE 16 – COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases Commitment (continued)

The following table summarizes the maturity of lease liabilities under operating leases as of June 30, 2026:

For the Twelve-month Period Ending June 30:	Operating Lease
2027	$ 101,000
2028	51,000
2029	8,000
2030 and thereafter	-
Total lease payments	160,000
Amount of lease payments representing interest	(13,945)
Total present value of operating lease liabilities	$ 146,055
Current portion	$ 89,831
Long-term portion	56,224
Total	$ 146,055

NOTE 17 – 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. Based upon this review, other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

Series F Convertible Preferred Stock

On July 2, 2026, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series F Convertible Preferred Stock with the Secretary of State of the State of Delaware, designating 5,000 shares of the Company's authorized preferred stock as Series F Convertible Preferred Stock, par value $0.0001 per share (the "Series F Preferred Stock"). The material terms of the Series F Preferred Stock are summarized below.

Stated Value and Ranking. Each share of Series F Preferred Stock has a stated value of $1,000. The Series F Preferred Stock ranks (i) senior to the Company's common stock and any other class or series of capital stock hereafter created that by its terms ranks junior to the Series F Preferred Stock, and (ii) junior to any other class or series of capital stock of the Company.

Dividends. No dividends are payable on the Series F Preferred Stock, except for stock dividends or distributions for which adjustments are made to the conversion price.

Voting Rights. Holders of Series F Preferred Stock have no voting power except as otherwise required by the Delaware General Corporation Law. However, for so long as any shares of Series F Preferred Stock are outstanding, the Company may not, without the affirmative vote of the holders of a majority of the then outstanding shares of Series F Preferred Stock, voting as a separate class, (a) alter or change adversely the powers, preferences or rights of the Series F Preferred Stock, (b) increase the number of authorized shares of Series F Preferred Stock, or (c) enter into any agreement with respect to any of the foregoing.

Liquidation Preference. Upon any liquidation, dissolution or winding-up of the Company, holders of Series F Preferred Stock are entitled to receive, prior to any distribution to holders of common stock, an amount equal to 100% of the stated value per share.

Conversion Rights. Each share of Series F Preferred Stock is convertible, at the option of the holder, at any time after the Shareholder Approval is obtained, into shares of common stock at a conversion price of $0.50 per share, subject to adjustment. No fractional shares of common stock will be issued upon conversion; in lieu thereof, the Company will pay cash or round up to the next whole share, at the Company's option. The conversion of the Series F Preferred Stock is subject to a beneficial ownership limitation of 4.99% of the outstanding shares of common stock. The Company is not required to issue any shares of common stock upon conversion of the Series F Preferred Stock until the Shareholder Approval is obtained.

NOTE 17 – SUBSEQUENT EVENTS (continued)

Series F Convertible Preferred Stock (continued)

Anti-Dilution Adjustments. The conversion price is subject to proportional adjustment in the event of stock dividends, stock splits, reverse stock splits, combinations, reclassifications and similar events. In the event of any recapitalization, reorganization, consolidation, merger or sale of all or substantially all of the Company's assets, holders of Series F Preferred Stock will be entitled to receive, upon conversion, the same kind and amount of stock, securities or other assets or property that holders of common stock would receive in connection with such transaction.

Mandatory Redemption. The Company is required to redeem 25% of the then outstanding shares of Series F Preferred Stock on each of October 1, 2026, November 1, 2026, December 1, 2026 and January 1, 2027, at a redemption price per share equal to 125% of the stated value. A holder may elect to convert shares subject to mandatory redemption into shares of common stock at any time prior to the applicable mandatory redemption date, and any shares so converted will reduce the number of shares subject to redemption on such date on a share-for-share basis.

On June 30, 2026, the Company entered into a securities purchase agreement with Allen O. Cage Jr., an individual accredited investor (the "Investor"), pursuant to which the Company agreed to issue and sell to the Investor (i) 400 shares of the Company's Series F Preferred Stock, and (ii) 200,000 shares of the Company's common stock as additional consideration for the Investor's purchase of the Series F Preferred Stock, for an aggregate purchase price of $400,000. The transaction closed on July 2, 2026.

Cashless Exercise of Pre-funded Warrants

In July 2026, the Company issued 145,000 shares of its common stock upon cashless exercise of pre-funded warrants.

Cash Exercise of Pre-funded Warrants

In July 2026, the Company issued 2,216,000 shares of its common stock upon the cash exercise of outstanding pre-funded warrants for aggregate proceeds of $222.

Common Shares Issued as Commitment Fee

In July 2026, the Company issued 200,000 shares of its common stock as commitment fee for the purchase of Series F Convertible Preferred Stock.

In July 2026, the Company issued 360,000 shares of its common stock as business loan commitment fee.

On August 13, 2026, the Company issued 300,000 shares of its common stock as a loan commitment fee for the $250,000 promissory note issued to FirstFire Opportunities Fund, LLC on August 13, 2026.

Common Shares Issued for Services

During the period from July 1, 2026 through August 10, 2026, the Company issued a total of 2,375,000 shares of its common stock for services rendered and to be rendered.

Common Shares Issued for Series E Convertible Preferred Stock Conversion

On August 5, 2026, the Company issued an aggregate of 673,480 share of its common stock upon conversion of 1,010.22 shares of its Series E Convertible Preferred Stock.

Name Change

On July 17, 2026, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation, as amended with the Secretary of State of the State of Delaware to change the name of the Company from "Avalon GloboCare Corp." to "Change Agents Corporation" effective as of July 20, 2026 (the "Name Change"). In connection with the Name Change, the Company's trading symbol for its common stock began trading on The Nasdaq Capital Market on July 22, 2026 under the symbol "CHGA".

NOTE 17 – SUBSEQUENT EVENTS (continued)

Equity Purchase Agreement

On July 22, 2026, the Company entered into an Equity Purchase Agreement (the "Purchase Agreement") with Hudson Global Ventures, LLC, a Nevada limited liability company (the "Investor"). Pursuant to the Purchase Agreement, upon the terms and subject to the conditions set forth therein, the Company may, from time to time during the Commitment Period, in its sole discretion, require the Investor to purchase shares of the Company's common stock, par value $0.0001 per shares ("Common Stock") having an aggregate purchase price of up to $10,000,000 at a fixed purchase price per share of $0.30. The Commitment Period ends on the earliest of (i) the date on which the Investor has purchased shares equal to the $10,000,000 maximum commitment amount, (ii) 36 months after the date of the Purchase Agreement, (iii) written notice of termination by the Company to the Investor, subject to certain limitations, and (iv) certain bankruptcy-related events.

In connection with the Purchase Agreement, the Company issued to the Investor a common stock purchase warrant (the "Warrant") to purchase up to 925,925 shares of Common Stock at an exercise price of $0.01 per share, subject to adjustment as provided in the Warrant. The Warrant is exercisable at any time following stockholder approval of the shares issuable upon exercise of the Warrant (the "Stockholder Approval Date") until 5:00 p.m. Eastern time on the date that is five years after the Stockholder Approval Date, subject to the terms and limitations set forth therein, including a 4.99% beneficial ownership limitation.

Business Loan and Security Agreement

On July 24, 2026, the Company entered into a Business Loan and Security Agreement (the "Business Loan Agreement") with a commercial funding source (the "Lender"), pursuant to which the Company obtained a loan from the Lender in the principal amount of $825,000 (the "Business Loan"), with net proceeds to the Company of $254,350, following the payment of an administration fee of $41,250 and repayment in full of the current loan from Agile Lending in the amount of $529,400, with a total repayment amount of $1,188,000, including interest charges of $363,000 (assuming all payments are made on time and the July 2026 Loan is not prepaid) repayable in 32 weekly installments of $37,125 with a maturity date of July 29, 2026. Pursuant to the Business Loan Agreement, the Company granted the Lender a continuing security interest in certain collateral (as defined in the Business Loan Agreement). In connection with the Business Loan, the Company issued Lender a Confessed Judgement Secured Promissory Note (the "Secured Note") dated July 24, 2026 in the amount 825,000 with a maturity date of February 19, 2027.

Forbearance Letter Agreement

On July 24, 2026, the Company entered into a Forbearance Letter Agreement with Agile Lending LLC under which it agreed to issue 360,000 shares of its common stock (the "Forbearance Shares") in consideration of Agile Lending's agreement to forbear the July 2026 payment and to not under the March 2026 Business Loan and Security Agreement between the Company and Agile Lending. The Company granted Agile Lending piggyback registration rights with respect to the Forbearance Shares.

Original Issue Discount Promissory Note issued to FirstFire Opportunities Fund, LLC

On August 13, 2026, the Company issued promissory note to FirstFire Opportunities Fund, LLC ("FirstFIre") in the principal amount of $250,000 (inclusive of a $50,000 original issuance discount) (the "FirstFire Note") for gross proceeds of $200,000. The Company intends to use the $144,000 of the net proceeds of the FirstFire Note to repay that certain 7% promissory note in the original principal amount of $233,910 issued to anquish Funding Group Inc. and the remainder for working capital and general corporate purposes.

The FirstFire Note matures on February 13, 2027 and has a one-time interest charge equal to 18.75% of the principal amount, or $46,875,000, payable in cash. Any principal or accrued but unpaid interest on the FirstFire Note which is not paid when due shall accrue interest at a rate of 10% per annum (the "Default Interest"). The principal amount of the FirstFire Note together with accrued but unpaid interest shall be paid as follows: (i) $62,500 shall be paid on each of November 13, 2026, and December 13 2026, and January 13, 2027 and (ii) the total remaining balance of the FirstFire Note shall be paid on February 13, 2027.

The Company granted FirstFire a "most-favored nations" provision with respect to the issuance of any debt that is not convertible into common stock of the Company (or amends any non-convertible debt that was issued before the Issue Date). In addition, the Company agreed to use 25% of the net proceeds from an issuance of equity or debt or sale of assets to repay amounts outstanding under the FirstFire Note.

In addition, if, at any time on or after the issue date of the FirstFire Note, and prior to the full repayment, the Companyr or any of its subsidiaries (the "Subsidiaries") receives cash proceeds from the issuance of equity or debt or the sale of assets (including but not limited to real property) by the Company or any of the Borrower's Subsidiaries, the FirstFIre shall have the right in its sole discretion to require the Company or the Subsidiaries to immediately apply up to 12.5% of such proceeds (net of outstanding legal fees of the Borrower, underwriter or broker-dealer expense and legal fee reimbursements, outstanding auditor fees of the Borrower, outstanding transfer agent fees of the Borrower, and fees of the SEC and FINRA in connection with such transaction, in each case if applicable) to repay all or any portion of the outstanding Principal Amount and interest (including any Default Interest) then due under this Note.

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

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This Quarterly Report on Form 10-Q contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 under Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "can," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "seek," "estimate," "continue," "plan," "point to," "project," "predict," "could," "intend," "target," "potential" and other similar words and expressions of the future. Accordingly, factors that may affect our results include, but are not limited to:

- our ability to commercialize our product candidates and the growth of the markets for those product candidates;
- our ability to develop and commercialize products before competitors that are superior to the alternatives developed by such competitors; and
- a decline in economic conditions, including the impact of an inflationary environment and tariffs.

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the filing date of this Quarterly Report on Form 10-Q or the date of the document incorporated by reference into this Quarterly Report on Form 10-Q. We have no obligation, and expressly disclaim any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. We have expressed our expectations, beliefs and projections in good faith, and we believe they have a reasonable basis. However, we cannot assure you that our expectations, beliefs or projections will result or be achieved or accomplished.

The following discussion and analysis of our financial condition and results of operations for the three and six months ended June 30, 2026 and 2025 should be read in conjunction with our condensed consolidated financial statements and related notes to those condensed consolidated financial statements that are included elsewhere in this Quarterly Report on Form 10-Q.

Overview

We are a technology-focused company with a strategic focus on developing innovative Agentic AI software and consumer health products that target consumers and small businesses. We recently announced our intent to expand into drone interception and surveillance AI enhanced technology solutions through the establishment of Autonomous Air Defense Systems LLC. Throughout our operating history, we have maintained our corporate identity, management team and original mission while strategically evolving our business in response to market conditions and commercial opportunities, with each such evolution being the product of deliberate decisions. We are actively seeking complementary bolt-on AI acquisitions that could generate near-term revenue to supplement our current operations as both segments continue to develop. We believe our diverse and evolving portfolio of commercial activities reflects our ongoing commitment to identifying and building value-oriented technology businesses for the benefit of its stockholders.

We had the following areas of focus in the three and six months ended June 30, 2026 and 2025:

We currently operate through two business segments: (i) an artificial intelligence software segment, through which we develop and commercialize an AI-driven, short-form agentic video generation platform and an agentic Generative Engine Optimization (GEO) search product operated by Avalon Quantum AI, LLC, our wholly owned subsidiary formed in connection with our acquisition of RPM Interactive, Inc. in December 2025; and (ii) a consumer health technology segment, through which we distributes the Keto Air breathalyzer device - a non-invasive consumer breathalyzer that measures ketosis levels and is sold in North America, bearing an FDA registration number. Each segment is described more fully below.

Artificial Intelligence Software Segment - Avalon Quantum AI, LLC / RPM Interactive

Our artificial intelligence software segment is operated through Avalon Quantum AI, LLC, a wholly owned subsidiary of our company organized in the State of Nevada and formed in connection with our acquisition of RPM Interactive, Inc. ("RPM") in December 2025. RPM merged with and into Avalon Quantum AI, LLC pursuant to the merger, and Avalon Quantum AI, LLC continues to operate as our wholly owned subsidiary. Avalon Quantum AI LLC is advancing next-generation Agentic AI software products that we believe are designed to deliver material revenue increases for small businesses and content creators.

The Catch-Up AI-powered Video Platform - Phase 1

The Catch-Up platform is an AI-driven, short-form video generation software product. In its current Phase 1 form, the platform enables content creators - with an initial focus on the podcasting market - to input a topic of their choosing, after which the platform automatically scrapes YouTube for relevant videos, identifies the most-viewed or most-discussed content on that topic, and generates a structured, short-form video featuring an AI-generated avatar of the creator that replicates their voice and likeness. Each short-generated video consists of three segments: an introduction delivered by the creator's AI avatar, the featured video clip sourced by the platform, and a concluding statement also delivered by the AI avatar.

Catch-Up Phase 2 Development

Phase 2 of the Catch-Up platform is currently in development and is expected to launch in Q3 of 2026. As announced on March 31, 2026, the Company hired Caylent, Inc. a cloud-native services company and an Amazon Web Services (AWS) Premier Tier Consulting Partner, to support the development of this Phase 2 AWS-based initiative. This Phase 2 development is expected to transition the platform from a manually configured AI video production system into a fully autonomous, agentic AI-driven video platform. Phase 2 is expected to expand the platform's user base beyond podcasters to a substantially broader range of content creators and marketers, including social media influencers and individuals or businesses engaged in product marketing and e-commerce.

The Beacon Agentic Generative Engine Optimization (GEO) Search Product

The Beacon Agentic GEO search product is designed to help small, local service businesses get recommended by AI systems like ChatGPT, Gemini, Claude, Perplexity and Grok. The agentic software product is designed to autonomously; a) diagnose a small businesses AI visibility and SEO effectiveness in about 60 seconds, b) provide a visibility score, and c) generate implementation-ready fixes upon approval. The Beacon app will be offered in the form of a monthly subscription fee.

Consumer Health Technology Segment - Keto-Air Breathalyzer

Our consumer health technology segment is centered on the Keto Air breathalyzer device, a non-invasive consumer health product that allows users to determine whether they are in a state of nutritional ketosis, and at what level, by exhaling into a compact, pen-like breathalyzer. Ketosis is a metabolic state in which the body burns fat for fuel rather than carbohydrates, and is widely associated with low-carbohydrate and ketogenic dietary regimens. The Keto Air device represents a meaningful improvement over prior methods of measuring ketosis, such as urine test strips or earlier-generation breathalyzers that required cartridge replacements, offering users a convenient, reusable, and non-invasive testing experience.

We entered into an exclusive North American distribution agreement for the Keto-Air technology and device in 2024. Pursuant to this agreement, we have exclusive distribution rights in the United States, Canada and Mexico through July of 2025 and since that time, we continue to be the only distributor in North America. We believe this provides us with a meaningful competitive advantage in the North American ketosis monitoring market for the duration of the agreement.

Cessation of Laboratory Services

During the first quarter of 2025, to preserve cash, the Company entered into discussions with Lab Services MSO for the potential redemption of our investment and on February 26, 2025, we and Lab Services MSO entered into a Redemption and Abandonment Agreement, whereby Lab Services MSO redeemed the 40% equity interest in Lab Services MSO held by us. Accordingly, beginning in February 2025, we no longer offer laboratory services.

Other Areas

In order to preserve cash and focus on product commercialization, we have suspended all research and development efforts related to cellular therapy. We are redirecting our funding efforts to our core business strategies outlined above.

Going Concern

Our condensed consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business.

As reflected in the accompanying condensed consolidated financial statements, we had working capital deficit of approximately $4,093,000 at June 30, 2026 and had incurred recurring net losses from continuing operations and generated negative cash flow from operating activities of continuing operations of approximately $6,555,000 and $3,556,000 for the six months ended June 30, 2026, respectively.

We have a limited operating history and our continued growth is dependent upon generating revenue from advanced Agentic AI systems, including automated video generation and small business marketing automation, the continuation of generating revenue for selling of Keto Air, and obtaining additional financing to fund future obligations and pay liabilities arising from ordinary course business operations. In addition, the current cash balance cannot be projected to cover our operating expenses for the next twelve months from the release date of this Quarterly Report on Form 10-Q. These matters raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise additional capital, implement our business plan, and generate sufficient revenues. There are no assurances that we will be successful in our efforts to generate sufficient revenues, maintain sufficient cash balance or report profitable operations or to continue as a going concern. We plan on raising capital through the sale of equity to implement our business plan. However, there is no assurance these plans will be realized and that any additional financings will be available to us on satisfactory terms and conditions, or at all.

The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should we be unable to continue as a going concern.

Recent Developments

Name Change

On July 17, 2026, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation, as amended with the Secretary of State of the State of Delaware to change the name of the Company from “Avalon GloboCare Corp.” to “Change Agents Corporation” effective as of July 20, 2026 (the “Name Change”). In connection with the Name Change, the Company’s trading symbol for its common stock began trading on The Nasdaq Capital Market on July 22, 2026 under the symbol “CHGA”

Equity Purchase Agreement

On July 22, 2026, the Company entered into an Equity Purchase Agreement (the “Purchase Agreement”) with Hudson Global Ventures, LLC, a Nevada limited liability company (the “Investor”). Pursuant to the Purchase Agreement, upon the terms and subject to the conditions set forth therein, the Company may, from time to time during the Commitment Period, in its sole discretion, require the Investor to purchase shares of the Company’s common stock, par value $0.0001 per shares (“Common Stock”) having an aggregate purchase price of up to $10,000,000 at a fixed purchase price per share of $0.30. The Commitment Period ends on the earliest of (i) the date on which the Investor has purchased shares equal to the $10,000,000 maximum commitment amount, (ii) 36 months after the date of the Purchase Agreement, (iii) written notice of termination by the Company to the Investor, subject to certain limitations, and (iv) certain bankruptcy-related events.

In connection with the Purchase Agreement, the Company issued to the Investor a common stock purchase warrant (the “Warrant”) to purchase up to 925,925 shares of Common Stock at an exercise price of $0.01 per share, subject to adjustment as provided in the Warrant. The Warrant is exercisable at any time following stockholder approval of the shares issuable upon exercise of the Warrant (the “Stockholder Approval Date”) until 5:00 p.m. Eastern time on the date that is five years after the Stockholder Approval Date, subject to the terms and limitations set forth therein, including a 4.99% beneficial ownership limitation.

Business Loan and Security Agreement

On July 24, 2026, the Company entered into a Business Loan and Security Agreement (the “Business Loan Agreement”) with a commercial funding source (the “Lender”), pursuant to which the Company obtained a loan from the Lender in the principal amount of $825,000 (the “Business Loan”), with net proceeds to the Company of $254,350, following the payment of an administration fee of $41,500 and repayment in full of the current loan from Agile Lending in the amount of $529,400, with a total repayment amount of $1,188,000, including interest charges of $363,000 (assuming all payments are made on time and the July 2026 Loan is not prepaid) repayable in 30 weekly installments of $37,125 with a maturity date of July 29, 2026.. Pursuant to the Business Loan Agreement, the Company granted the Lender a continuing security interest in certain collateral (as defined in the Business Loan Agreement). In connection with the Business Loan, the Company issued Lender a Confessed Judgement Secured Promissory Note (the “Secured Note”) dated July 24, 2026 in the amount 825,000 with a maturity date of February 19, 2027.

Forbearance Letter Agreement

On July 24, 2026, the Company entered into a Forbearance Letter Agreement with Agile Lending LLC under which it agreed to issue 360,000 shares of its common stock (the “Forbearance Shares”) in consideration of Agile Lending’s agreement to forbear the July 2026 payment and to not under the March 2026 Business Loan and Security Agreement between the Company and Agile Lending. The Company granted Agile Lending piggyback registration rights with respect to the Forbearance Shares.

Critical Accounting Policies

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Changes in these estimates and assumptions may have a material impact on the condensed consolidated financial statements and accompanying notes. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Significant estimates during the three and six months ended June 30, 2026 and 2025 include the useful life of intangible assets, the assumptions used in assessing impairment of long-term assets, the allowance for credit loss, the valuation of deferred tax assets and the associated valuation allowances, the valuation of stock-based compensation, the valuation of Series D convertible preferred stock (“Series D Preferred Stock”), and the determination of the fair value of the warrants.

Income Taxes

We are governed by the income tax laws of China and the United States. Income taxes are accounted for pursuant to ASC 740 “Accounting for Income Taxes,” which is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. The charge for taxes is based on the results for the period as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is changed to equity. Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and we intend to settle its current tax assets and liabilities on a net basis.

Recent Accounting Standards

For details of applicable new accounting standards, please, refer to Recent Accounting Standards in Note 3 of our condensed consolidated financial statements accompanying this Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS

Comparison of Results of Operations for the Three and Six Months Ended June 30, 2026 and 2025

Income from Equity Method Investment – Lab Services MSO

As a result of the sale of our ownership of 40% of Lab Services MSO on February 26, 2025, we had no income from our investment in Lab Services MSO after February 2025.

For the six months ended June 30, 2025, we had income from our investment in Lab Services MSO of $392,677, which consists of our share of Lab Services MSO's net income of $503,833 and amortization of identifiable intangible assets acquired from Lab Services MSO acquisition of $111,156.

Other Operating Expenses

For the three and six months ended June 30, 2026 and 2025, other operating expenses consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Advertising and marketing expenses	$ 105,271	$ 322,552	$ 315,117	$ 393,702
Professional fees	795,577	1,428,611	2,377,528	3,060,826
Compensation and related benefits	434,725	292,629	658,141	601,651
Credit loss expense	-	1,650,000	-	1,650,000
Miscellaneous taxes	48,184	44,868	89,094	85,113
Directors' and officers' liability insurance premium	34,104	35,968	68,208	71,485
Travel and entertainment	28,601	38,321	61,696	82,982
Amortization	563,000	-	1,126,000	-
Other general and administrative	42,417	95,567	77,221	140,857
	$ 2,051,879	$ 3,908,516	$ 4,773,005	$ 6,086,616

- For the three months ended June 30, 2026, advertising and marketing expenses decreased by $217,281, or 67.4%, as compared to the three months ended June 30, 2025. For the six months ended June 30, 2026, advertising and marketing expenses decreased by $78,585, or 20.0%, as compared to the six months ended June 30, 2025. The decrease was primarily due to decreased advertising activities in the three and six months ended June 30, 2026 as compared to the corresponding periods of 2025. We expect that our advertising and marketing expenses will likely remain at its current quarterly level with minimal increase in the near future.

- Professional fees primarily consisted of accounting fees, audit fees, legal service fees, consulting fees, investor relations service charges, advisory service fees, fairness opinion charge, valuation service fees and other fees. For the three months ended June 30, 2026, professional fees decreased by $633,034, or 44.3%, as compared to the three months ended June 30, 2025, which was primarily attributable to a decrease in consulting fee of approximately $242,000, mainly due to the decrease in use of consulting service providers related to capital markets advisory and services related to our potential merger with YOOV, a decrease in accounting fee of approximately $372,000, mainly due to the decreased accounting services related to our potential merger with YOOV, and a decrease in legal service fees of approximately $120,000, mainly due to the decreased legal services related to our potential merger with YOOV, offset by an increase in other miscellaneous items of approximately $101,000. For the six months ended June 30, 2026, professional fees decreased by $683,298, or 22.3%, as compared to the six months ended June 30, 2025, which was primarily attributable to a decrease in consulting fee of approximately $260,000, mainly due to the decrease in use of consulting service providers related to capital markets advisory and services related to our potential merger with YOOV, a decrease in accounting fee of approximately $305,000, mainly due to the decreased accounting services related to our potential merger with YOOV, and a decrease in legal service fees of approximately $228,000, mainly due to the decreased legal services related to our potential merger with YOOV, offset by an increase in other miscellaneous items of approximately $110,000. We expect that our professional fees will decrease in the near future.

- For the three months ended June 30, 2026, compensation and related benefits increased by $142,096, or 48.6%, as compared to the three months ended June 30, 2025. The increase was primarily attributable to an increase in stock-based compensation of approximately $217,000 which reflected the value of options granted and vested to our management, offset by a decrease in cash compensation for our directors and officers of approximately $75,000. For the six months ended June 30, 2026, compensation and related benefits increased by $56,490, or 9.4%, as compared to the six months ended June 30, 2025. The increase was primarily attributable to an increase in stock-based compensation of approximately $215,000 which reflected the value of options granted and vested to our management in the second quarter of 2026, offset by a decrease in cash compensation for our directors and officers of approximately $159,000. We expect that our compensation and related benefits will likely decrease in the near future.

- For the three and six months ended June 30, 2025, we recorded credit loss expense of $1,650,000. Based on our periodic review of receivable from sale of equity method investment balance, we adjusted the allowance for credit loss after considering management's evaluation of the collectability of the receivable balance, including the analysis of subsequent collection, age of the balance, Lab Services MSO's collection history, and recent economic events. For the three and six months ended June 30, 2026, we did not record any credit loss expense.

- For the three months ended June 30, 2026, miscellaneous taxes increased by $3,316, or 7.4%, as compared to the three months ended June 30, 2025. For the six months ended June 30, 2026, miscellaneous taxes increased by $3,981, or 4.7%, as compared to the six months ended June 30, 2025. We expect that our miscellaneous taxes will remain relatively steady, with minimal increase, in the near future.

- For the three months ended June 30, 2026, directors' and officers' liability insurance premium decreased by $1,864, or 5.2%, as compared to the three months ended June 30, 2025. For the six months ended June 30, 2026, directors' and officers' liability insurance premium decreased by $3,277, or 4.6%, as compared to the six months ended June 30, 2025. The decrease was mainly due to our switching to a different insurance provider, resulting in a lower premium.

- For the three months ended June 30, 2026, travel and entertainment expense decreased by $9,720, or 25.4%, as compared to the three months ended June 30, 2025. For the six months ended June 30, 2026, travel and entertainment expense decreased by $21,286, or 25.7%, as compared to the six months ended June 30, 2025. The decrease was primarily attributable to decreased business travel activities in the six months ended June 30, 2026 as compared to the comparable periods of 2025.

- For the three months ended June 30, 2026, amortization expense increased by $563,000, or 100.0%, as compared to the three months ended June 30, 2025. For the six months ended June 30, 2026, amortization expense increased by $1,126,000, or 100.0%, as compared to the six months ended June 30, 2025. The increase was attributable to increased amortization of identifiable intangible assets acquired, representing developed technology and trade name. There was no comparable amortization prior to the date of acquisition, December 12, 2025.

- Other general and administrative expenses mainly consisted of NASDAQ listing fee, office supplies, and other miscellaneous items. For the three months ended June 30, 2026, other general and administrative expenses decreased by $53,150, or 55.6%, as compared to the three months ended June 30, 2025. For the six months ended June 30, 2026, other general and administrative expenses decreased by $63,636, or 45.2%, as compared to the six months ended June 30, 2025. The decrease was due to our efforts at stricter controls on corporate expenditure.

Loss from Operations

As a result of the foregoing, for the three months ended June 30, 2026, loss from operations amounted to $2,051,879, as compared to $3,908,516 for the three months ended June 30, 2025, representing a decrease of $1,856,637, or 47.5%. As a result of the foregoing, for the six months ended June 30, 2026, loss from operations amounted to $4,773,005, as compared to $5,693,939 for the six months ended June 30, 2025, representing a decrease of $920,934, or 16.2%.

Other Expense

Other expense mainly includes interest expense, change in fair value of derivative liability, loss on extinguishment of debt, and other miscellaneous income.

Other expense totaled $126,933 for the three months ended June 30, 2026, as compared to $9,376,095 for the three months ended June 30, 2025, representing a decrease of $9,249,162, or 98.6%, which was primarily attributable to a decrease in interest expense of approximately $620,000, mainly driven by the decrease in amortization of debt discount and debt issuance costs of approximately $715,000, offset by the increase in interest expense of approximately $95,000 from debts, a decrease in loss on extinguishment of debt of approximately $9,077,000, and an increase in other income of approximately $112,000 mainly due to the gain from payable settlement, offset by a decrease in gain from change in fair value of derivative liability of approximately $560,000.

Other expense totaled $1,782,487 for the six months ended June 30, 2026, as compared to $9,857,352 for the six months ended June 30, 2025, representing a decrease of $8,074,865, or 81.9%, which was primarily attributable to a decrease in interest expense of approximately $715,000, mainly driven by the decrease in amortization of debt discount and debt issuance costs of approximately $810,000, offset by the increase in interest expense of approximately $95,000 from debts, a decrease in loss on extinguishment of debt of approximately $9,077,000, and an increase in other income of approximately $5,000, offset by a decrease in gain from change in fair value of derivative liability of approximately $1,722,000.

Income Taxes

We did not have any income taxes expense for the three and six months ended June 30, 2026 and 2025 since we incurred losses in these periods.

Net Loss from Continuing Operations

As a result of the factors described above, our net loss from continuing operations was $2,178,812 for the three months ended June 30, 2026, as compared to $13,284,611 for the three months ended June 30, 2025, representing a decrease of $11,105,799, or 83.6%.

As a result of the factors described above, our net loss from continuing operations was $6,555,492 for the six months ended June 30, 2026, as compared to $15,551,291 for the six months ended June 30, 2025, representing a decrease of $8,995,799, or 57.8%.

Net Loss from Discontinued Operations

Our net loss from discontinued operations was $0 for the three months ended June 30, 2026, as compared to $173,987 for the three months ended June 30, 2025, representing a decrease of $173,987, or 100.0%.

Our net loss from discontinued operations was $103,015 for the six months ended June 30, 2026, as compared to $389,418 for the six months ended June 30, 2025, representing a decrease of $286,403, or 73.5%.

Net Loss

As a result of the factors described above, our net loss was $2,178,812 for the three months ended June 30, 2026, as compared to $13,458,598 for the three months ended June 30, 2025, representing a decrease of $11,279,786, or 83.8%.

As a result of the factors described above, our net loss was $6,658,507 for the six months ended June 30, 2026, as compared to $15,940,709 for the six months ended June 30, 2025, representing a decrease of $9,282,202, or 58.2%.

Net Loss Attributable to Change Agents Corporation Common Shareholders

The net loss attributable to our common shareholders was $2,178,812, or $0.14 per share (basic and diluted), for the three months ended June 30, 2026, as compared to $13,458,598, or $6.22 per share (basic and diluted), for the three months ended June 30, 2025, representing a decrease of $11,279,786, or 83.8%.

The net loss attributable to our common shareholders was $6,658,507, or $0.54 per share (basic and diluted), for the six months ended June 30, 2026, as compared to $15,778,236 (after taking into effect $162,473 in deemed contribution), or $8.33 per share (basic and diluted), for the six months ended June 30, 2025, representing a decrease of $9,119,729, or 57.8%.

Foreign Currency Translation Adjustment

Our reporting currency is the U.S. dollar. The functional currency of our U.S. entities is the U.S. dollar and the functional currency of Avalon Shanghai is the Chinese Renminbi ("RMB"). The financial statements of our subsidiary whose functional currency is the RMB are translated to U.S. dollars using period end rate of exchange for assets and liabilities, average rate of exchange for revenues, costs, and expenses and cash flows, and at historical exchange rate for equity. Net gains and losses resulting from foreign exchange transactions are included in the results of operations. As a result of foreign currency translations, which are a non-cash adjustment, we reported a foreign currency translation loss of $(316) and a foreign currency translation gain of $104 for the three months ended June 30, 2026 and 2025, respectively. As a result of foreign currency translations, which are a non-cash adjustment, we reported a foreign currency translation loss of $(627) and a foreign currency translation gain of $383 for the six months ended June 30, 2026 and 2025, respectively. This non-cash loss/gain had the effect of increasing/decreasing our reported comprehensive loss in each respective period.

Comprehensive Loss

As a result of our foreign currency translation adjustment, we had comprehensive loss of $2,179,128 and $13,458,494 for the three months ended June 30, 2026 and 2025, respectively.

As a result of our foreign currency translation adjustment, we had comprehensive loss of $6,659,134 and $15,940,326 for the six months ended June 30, 2026 and 2025, respectively.

Liquidity and Capital Resources

We have a limited operating history and our continued growth is dependent upon the continuation of generating revenue for selling of Keto Air, generating revenue from advanced Agentic AI systems, including automated video generation and small business marketing automation, as well as obtaining additional financing to fund future obligations and pay liabilities arising from ordinary course business operations. In addition, the current cash balance cannot be projected to cover our operating expenses for the next twelve months from the release date of this report. These matters raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise additional capital, implement our business plan, and generate sufficient revenues. There are no assurances that we will be successful in our efforts to generate sufficient revenues, maintain sufficient cash balance or report profitable operations or to continue as a going concern. We plan to raise capital in the future through the sale of equity or debt to implement our business plan. However, there is no assurance these plans will be realized and that any additional financings will be available to us on satisfactory terms and conditions, if at all.

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations as they come due and otherwise operate on an ongoing basis. At June 30, 2026 and December 31, 2025, we had a cash balance of approximately $39,000 and $109,000, respectively. These funds are kept in financial institutions located as follows:

	June 30,		December 31,	
Country:	2026		2025	
United States	$ 39,145	99.8%	$ 108,599	99.5%
China	76	0.2%	492	0.5%
Total cash	$ 39,221	100.0%	$ 109,091	100.0%

The following table sets forth a summary of changes in our working capital deficit from December 31, 2025 to June 30, 2026:

	June 30, 2026	December 31, 2025	Changes in Amount	Changes in Percentage
Working capital deficit:				
Total current assets	$ 499,714	$ 1,495,877	$ (996,163)	(66.6)%
Total current liabilities	4,593,051	14,147,114	(9,554,063)	(67.5)%
Working capital deficit	$ (4,093,337)	$ (12,651,237)	$ 8,557,900	(67.6)%

Our working capital deficit decreased by $8,557,900 to $4,093,337 at June 30, 2026 from $12,651,237 at December 31, 2025. The decrease in working capital deficit was primarily attributable to a decrease in accrued professional fees of approximately $361,000 driven by the payments made to our professional service providers in the six months ended June 30, 2026, a decrease in accrued payroll liability and compensation of approximately $197,000 resulting from the payments made to our employees and directors in the six months ended June 30, 2026, a decrease in accrued liabilities and other payables of approximately $109,000 driven by the payments made to our vendors in the six months ended June 30, 2026, a decrease in advance from pending sale of subsidiary – related party of approximately $3,158,000 resulting from the sale of our subsidiary of Avalon RT 9 to Mr. Lu in February 2026 as described in elsewhere in this report, a decrease in bridge loan payable, net, of approximately $197,000 due to the repayments made to lender in the six months ended June 30, 2026, a decrease in convertible note payable, net, of approximately $737,000 mainly due to the conversion of our June 2024 Convertible Note in the principal amount of approximately $546,000 into our common stock in the six months ended June 30, 2026 and the repayments of principal of $200,000 made to two individual investors in the six months ended June 30, 2026, and a decrease in current liabilities of discontinued operations of approximately $6,061,000 driven by the sale of our subsidiary of Avalon RT 9 to Mr. Lu in February 2026 as described in elsewhere in this report, offset by a decrease in receivable from sale of equity method investment of $561,000 due to the payments received in the six months ended June 30, 2026, a decrease in current assets of discontinued operations of approximately $357,000 driven by the sale of our subsidiary of Avalon RT 9 to Mr. Lu in February 2026 as described in elsewhere in this report, and an increase in note payable, net, of approximately $1,189,000 resulting from our loan financing in the six months ended June 30, 2026.

Because the exchange rate conversion is different for the condensed consolidated balance sheets and the condensed consolidated statements of cash flows, the changes in assets and liabilities reflected on the condensed consolidated statements of cash flows are not necessarily identical with the comparable changes reflected on the condensed consolidated balance sheets.

Cash Flows for the Six Months Ended June 30, 2026 Compared to the Six Months Ended June 30, 2025

The following table summarizes the key components of our cash flows for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,	
	2026	2025
Net cash used in operating activities from continuing operations	$ (3,556,055)	$ (2,788,804)
Net cash provided by investing activities from continuing operations	315,393	95,000
Net cash provided by financing activities from continuing operations	3,360,816	277,636
Net cash flows used in discontinued operations	(231,956)	(173,555)
Effect of exchange rate on cash – continuing operations	41,932	409
Net decrease in cash	$ (69,870)	$ (2,589,314)

Net cash flow used in operating activities from continuing operations for the six months ended June 30, 2026 was $3,556,055, which primarily reflected our consolidated net loss from continuing operations of approximately $6,555,000, and the changes in operating assets and liabilities, primarily consisting of a decrease in accrued liabilities and other payables of approximately $407,000 which was mainly driven by payments made to our vendors in the six months ended June 30, 2026, offset by the non-cash item adjustments, primarily consisting of depreciation and amortization of intangible assets of approximately $1,127,000 mainly due to the amortization of identifiable intangible assets acquired, representing developed technology and trade name, in the six months ended June 30, 2026 as described in elsewhere in this report, stock-based compensation and service expense of approximately $703,000, amortization of debt issuance costs and debt discount of approximately $255,000, and change in fair market value of derivative liability of approximately $1,275,000.

Net cash flow used in operating activities from continuing operations for the six months ended June 30, 2025 was $2,788,804, which primarily reflected our consolidated net loss from continuing operations of approximately $15,551,000, and the non-cash item adjustments, primarily consisting of income from equity method investment of approximately $393,000, and change in fair market value of derivative liability of approximately $447,000, and the changes in operating assets and liabilities, primarily consisting of an increase in prepaid expense and other assets of approximately $264,000 which was mainly due to the increase in prepaid professional fees of approximately $237,000, offset by an increase in accrued liabilities and other payables of approximately $1,296,000 which was mainly driven by the increase in professional services related to our potential merger with YOOV in the six months ended June 30, 2025, and the non-cash item adjustments, primarily consisting of credit loss provision of $1,650,000 due to the increase in allowance for credit loss related to our receivable from sale of equity method investment in the second quarter of 2025, stock-based compensation and service expense of approximately $762,000, amortization of debt issuance costs and debt discount of approximately $1,064,000, and loss on extinguishment of debt of approximately $9,077,000 resulted from the reduction in the conversion price.

We expect our cash used in operating activities to increase in the next 12 months due to the following:

- the development and commercialization of new products; and
- an increase in public relations and/or sales promotions for existing and/or new brands as we expand within existing markets or enter new markets.

Net cash flow provided by investing activities from continuing operations was $315,393 for the six months ended June 30, 2026, as compared to $95,000 for the six months ended June 30, 2025. During the six months ended June 30, 2026, we received proceeds from sale of equity method investment of $561,000, offset by payments made for purchase of property and equipment of approximately $12,000 and for acquisition of software and platform of approximately $233,000. During the six months ended June 30, 2025, we received proceeds from sale of equity method investment of $95,000.

Net cash flow provided by financing activities from continuing operations was $3,360,816 for the six months ended June 30, 2026, as compared to $277,636 for the six months ended June 30, 2025. During the six months ended June 30, 2026, we received net proceeds from issuance of debt of $1,520,000 (net of original issue discount of approximately $191,000 and cash paid for debt issuance costs of $44,000), net proceeds from the February 2026 private offering of approximately $2,757,000 (net of cash paid for the February 2026 private offering costs of approximately $493,000), offset by repayments made for bridge loan of $375,000, repayments made for convertible debt of $200,000, and repayments made for debt of approximately $341,000. During the six months ended June 30, 2025, we received proceeds from stock subscription of $150,000 and received advance from sale of noncontrolling interest in subsidiary of approximately $150,000, offset by payments made for offering costs of approximately $22,000.

The following trends are reasonably likely to result in a material decrease in our liquidity over the near to long term:

- an increase in working capital requirements to finance our current business;
- the use of capital for acquisitions and the development of business opportunities; and
- the cost of being a public company.

In addition, the impact that the imposition of tariffs and changes to global trade policies could have on our results of operations is uncertain.

We estimate that, based on current plans and assumptions, our available cash will be insufficient to satisfy our cash requirements under our present operating expectations through cash flow provided by operations and sales of equity. Other than funds received as described above and cash resources generated from our operations, we presently have no other significant alternative source of working capital. We have used these funds to fund our operating expenses, pay our obligations and grow our company. We will need to raise significant additional capital to fund our operations and to provide working capital for our ongoing operations and obligations. Therefore, our future operation is dependent on our ability to secure additional financing. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, there can be no assurance that financing will be available in amounts or on terms acceptable to the Company. Additionally, the trading price of our common stock and a downturn in the U.S. equity and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. The inability to obtain additional capital may restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we will be required to cease our operations. To date, we have not considered this alternative, nor do we view it as a likely occurrence.

Foreign Currency Exchange Rate Risk

We ceased all operations in China in 2022, with the exception of a small administrative office. We did not during the six months ended June 30, 2026, and do not expect in the foreseeable future, to generate any additional revenue from PRC operations. Thus, exchange rate fluctuations between the RMB and the U.S. dollar do not, and are not expected to, have a material effect on us. For the three months ended June 30, 2026 and 2025, we had an unrealized foreign currency translation loss of approximately $(300) and an unrealized foreign currency translation gain of approximately $100, respectively, because of changes in the exchange rate. For the six months ended June 30, 2026 and 2025, we had an unrealized foreign currency translation loss of approximately $(600) and an unrealized foreign currency translation gain of approximately $400, respectively, because of changes in the exchange rate.

Inflation

The effect of inflation on our revenues and operating results was not significant for the three and six months ended June 30, 2026 and 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (the "SEC") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, our management, including our principal executive officer and principal financial officer, carried out an evaluation, as of June 30, 2026, of the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act.

Based on this evaluation, management concluded that our disclosure controls and procedures were not effective as of June 30, 2026 due to the material weaknesses related to the lack of segregation of duties resulting from our small size and inability to perform an effective test of the operating effectiveness of the controls, including the oversight of our financial statement close process that was previously reported in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 30, 2026, that have not yet been remediated.

Management's plan to remediate these material weaknesses is described in detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition or cash flows.

ITEM 1A. RISK FACTORS

Risk factors that affect our business and financial results are discussed in Part I, Item 1A "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on March 30, 2026 ("Annual Report"). Except as set forth below, there have been no material changes in our risk factors from those previously disclosed in our Annual Report. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

Risks Relating to Our Capital Structure and Nasdaq Listing

We are currently listed on The Nasdaq Capital Market. If we are unable to maintain listing of our securities on Nasdaq or any stock exchange, our stock price could be adversely affected and the liquidity of our stock and our ability to obtain financing could be impaired and it may be more difficult for our shareholders to sell their securities.

We are currently listed on the Nasdaq Capital Market, a national securities exchange. Nasdaq requires companies desiring to list their common stock to meet certain listing criteria including total number of shareholders: minimum stock price, total value of public float, and in some cases total shareholders' equity and market capitalization. Our failure to meet such applicable listing criteria could prevent us from listing our common stock on Nasdaq. In the event we are unable to have our shares traded on Nasdaq, our common stock could potentially trade on the OTCQX or the OTCQB, each of which is generally considered less liquid and more volatile than Nasdaq. Our failure to have our shares traded on the Nasdaq could make it more difficult for you to trade our shares, could prevent our common stock trading on a frequent and liquid basis and could result in the value of our common stock being less than it would be if we were able to list our shares on Nasdaq.

As previously disclosed on a Current Report on Form 8-K filed by us on April 17, 2026, we received a notification from The Nasdaq Stock Market, LLC ("Nasdaq") notifying us that we were not in compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) for continued listing on The Nasdaq Capital Market. Specifically, Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of $1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. Therefore, in accordance with Listing Rule 5810(c)(3)(A), we were provided 180 calendar days, or until December 24, 2025, to regain compliance with the Rule. Subsequently, on December 24, 2025, Nasdaq determined the Company was eligible for an additional 180 calendar days, or until October 12, 2026, to regain compliance with the Rule. If we fail to regain compliance during the second 180-day period, then Nasdaq will notify us of its determination to delist our common stock, at which as will have an opportunity to appeal the delisting determination to a Hearings Panel.

If we are unable to regain compliance with the Nasdaq minimum bid price requirement and Nasdaq delists our common stock and warrants and we are unable to obtain listing on another national securities exchange, a reduction in some or all of the following may occur, each of which could have a material adverse effect on our shareholders:

- the liquidity of our common stock;
- the market price of our common stock;
- our ability to obtain financing for the continuation of our operations;
- the number of investors that will consider investing in our common stock;
- the number of market makers in our common stock;
- the availability of information concerning the trading prices and volume of our common stock; and
- the number of broker-dealers willing to execute trades in shares of our common stock.

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

Common Shares Issued for Accrued Bridge Loan Payable Commitment Fee

In June 2026, the Company issued 100,000 shares of its common stock for accrued commitment fee for the purchase of bridge loan. These shares were valued at $138,000, the fair market value on the grant date using the reported closing share price on the date of grant, and the Company reduced accrued commitment fee of $138,000.

On July 6, 2026, the Company issued 75,000 shares of its common stock in consideration of services rendered under a February 2026 consulting agreement.

Common Shares Issued as Note Payable Commitment Fee

On August 13, 2026, the Company issued 300,000 shares of its common stock as loan commitment fee for issuance of the FirstFire Note (as defined in Item 5 below).

The offers, sales, and issuances of the securities described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) and/or Section 3(a)(9) of the Securities Act, or Regulation D promulgated thereunder, as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited or sophisticated person and had adequate access, through employment, business or other relationships, to information about us.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the six months ended June 30, 2026, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Original Issue Discount Promissory Note issued to FirstFire Opportunities Fund, LLC

On August 13, 2026, the Company issued promissory note to FirstFire Opportunities Fund, LLC ("FirstFIre") in the principal amount of $250,000 (inclusive of a $50,000 original issuance discount) (the "FirstFire Note") for gross proceeds of $200,000. The Company intends to use the $144,000 of the net proceeds of the FirstFire Note to repay that certain 7% promissory note in the original principal amount of $233,910 issued to Vanquish Funding Group Inc. and the remainder for working capital and general corporate purposes.

The FirstFire Note matures on February 13, 2027 and has a one-time interest charge equal to 18.75% of the principal amount, or $46,875,000, payable in cash. Any principal or accrued but unpaid interest on the FirstFire Note which is not paid when due shall accrue interest at a rate of 10% per annum (the "Default Interest"). The principal amount of the FirstFire Note together with accrued but unpaid interest shall be paid as follows: (i) $62,500 shall be paid on each of November 13, 2026, and December 13 2026, and January 13, 2027 and (ii) the total remaining balance of the FirstFire Note shall be paid on February 13, 2027.
The Company granted First a "most-favored nations" provision with respect to the issuance of any debt that is not convertible into common stock of the Company (or amends any non-convertible debt that was issued before the Issue Date). In addition, the Company agreed to use 25% of the net proceeds from an issuance of equity or debt or sale of assets to repay amounts outstanding under the FirstFire Note.

In addition, if, at any time on or after the issue date of the FirstFire Note, and prior to the full repayment, the Company or any of its subsidiaries (the "Subsidiaries") receives cash proceeds from the issuance of equity or debt or the sale of assets (including but not limited to real property) by the Company or any of the Borrower's Subsidiaries, the FirstFire shall have the right in its sole discretion to require the Company or the Subsidiaries to immediately apply up to 12.5% of such proceeds (net of outstanding legal fees of the Company, underwriter or broker-dealer expense and legal fee reimbursements, outstanding auditor fees of the Company, outstanding transfer agent fees of the Borrower, and fees of the SEC and FINRA in connection with such transaction, in each case if applicable) to repay all or any portion of the outstanding Principal Amount and interest (including any Default Interest) then due under this Note.

The foregoing description of the FirstFire Note is not complete and is qualified in its entirety by reference to the full text of the FirstFire Note, copies of which is filed as Exhibit 10.6 to this Quarterly Report on Form 10-Q and is incorporated by reference herein.

ITEM 6. EXHIBITS

The exhibits filed as part of this Quarterly Report on Form 10-Q are listed in the exhibit index included herewith and are incorporated by reference herein.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Amended and Restated Membership Interest Purchase Agreement, dated February 18, 2026, between Avalon Globocare Corp. and Wenzhao Lu, (incorporated by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed with the SEC on February 19, 2026)
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K/A filed with the Securities and Exchange Commission on April 26, 2018).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Avalon GloboCare Corp. (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on January 4, 2023).
3.3	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K/A filed with the Securities and Exchange Commission on April 26, 2018).
3.4	Certificate of amendment dated October 23, 2024 (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 29, 2024).
3.5	Certificate of Designations of Preferences and Rights of Series C Convertible Preferred Stock of the Company, as filed on December 13, 2024, with the Department of State, Division of Corporations, of the State of Delaware (incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the SEC on December 19, 2024).
3.6	Certificate of Designations of Preferences and Rights of Series D Convertible Preferred Stock of the Company, as filed on January 6, 2025, with the Department of State, Division of Corporations, of the State of Delaware (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on January 10, 2025).
3.7	Amendment No. 1 to the Avalon Bylaws, as adopted and approved by the Avalon Board on March 7, 2025 (incorporated by reference to Exhibit 3.3 to the registrant's Current Report on Form 8-K filed with the SEC on March 10, 2025).
3.8	Certificate of Amendment to the Series C Certificate of Designations, as filed on May 29, 2025, with the Department of State, Division of Corporations, of the State of Delaware (incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the SEC on June 4, 2025)
3.9	Certificate of Amendment to the Series C Certificate of Designations, as filed on May 29, 2025, with the Department of State, Division of Corporations, of the State of Delaware (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on August 29, 2025)
3.10	Certificate of Designation of Series E Non-Voting Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on December 15, 2025)
3.11	Certificate Of Designation Of Series F Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on July 2, 2026).
3.12	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Change Agents Corporation dated July 17, 2026 (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on July 21, 2026).
10.1	Form of Note (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on June 4, 2026)
10.2	Side Letter dated June 1, 2026 between the registrant and Due Equity Holdings, LLC (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the SEC on June 4, 2026)
10.3	Executive Retention Agreement dated June 3, 2026 between the registrant and Luisa Ingargiola(incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the SEC on June 4, 2026)
10.4	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed with the SEC on June 4, 2026)
10.5	Securities Purchase Agreement, between the Company and Allen O Cage Jr., dated as of June 30, 2026 (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on July 2, 2026).
10.6*	Promissory Note dated August 13, 2026
22.1*	List of Subsidiary Guarantors
31.1*	Certification of the Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities and Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 is formatted in Inline XBRL

* Filed herewith.

** 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 hereunto duly authorized.

CHANGE AGENTS CORPORATION

Dated: August 14, 2026

By: /s/ Meng Li
Name: Meng Li
Title: Interim Chief Executive Officer
(*Principal Executive Officer*)

Dated: August 14, 2026

By: /s/ Sam Knipper
Name: Sam Knipper
Title: Chief Financial Officer
(*Principal Financial and Accounting Officer*)

Exhibit 10.6

THE ISSUE PRICE OF THIS NOTE IS $250,000.00
THE ORIGINAL ISSUE DISCOUNT IS $50,000.00

Principal Amount: $250,000.00 **Issue Date: August 13, 2026**
Purchase Price: $200,000.00

PROMISSORY NOTE

FOR VALUE RECEIVED, **CHANGE AGENTS CORPORATION**, a Delaware corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of **FirstFire Global Opportunities Fund, LLC**, a Delaware limited liability company, or registered assigns (the "Holder") the sum of $250,000.00 together with any interest as set forth herein, on February 13, 2027 (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof from the date hereof (the "Issue Date") as set forth herein. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of ten percent (10%) per annum from the due date thereof until the same is paid ("Default Interest"). All payments due hereunder shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Holder shall withhold $5,000.00 from the Purchase Price to cover the Holder's legal fees in connection with the transactions contemplated by this Note.

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall also apply to this Note:

ARTICLE I. GENERAL TERMS

1.1 Interest. A one-time interest charge of 18.75% (the "Interest Rate") shall be applied on the Issuance Date to the principal amount ($250,000.00 * 18.75%) = $46,875.00). Interest hereunder shall be paid as set forth herein to the Holder or its assignee in whose name this Note is registered on the records of the Borrower regarding registration and transfers of Notes in cash.

1.2 Mandatory Amortization Payments. Accrued, unpaid interest and outstanding principal, subject to adjustment and the provisions of this Note, shall be paid in four (4) payments as follows (each an "Amortization Payment"):

Payment Date	Amount of Payment
November 13, 2026	$ 62,500.00
December 13, 2026	$ 62,500.00
January 13, 2027	$ 62,500.00
February 13, 2027	The total remaining balance of the Note

The Borrower shall have a five (5) day grace period with respect to each Amortization Payment (each a "Grace Period"). The Borrower has right to prepay in full at any time with no prepayment penalty. All payments shall be made by bank wire transfer to the Holder pursuant to the wiring instructions provided to the Borrower by the Holder. For the avoidance of doubt, the Borrower's failure to pay an Amortization Payment before the end of the respective Grace Period for such Amortization Payment shall be considered an Event of Default under this Note.

1.3 Terms of Future Financings. So long as this Note is outstanding, upon any issuance by the Borrower of any debt that is not convertible into common stock, par value $0.0001 per share, of the Borrower (the "Non-Convertible Debt"), or amendment to a Non-Convertible Debt that was originally issued before the Issue Date, with any term that the Holder reasonably believes is more favorable to the holder of such Non-Convertible Debt or with a term in favor of the holder of such Non-Convertible Debt that the Holder reasonably believes was not similarly provided to the Holder in this Note (even if the holder of such other Non-Convertible Debt does not receive the benefit of such more favorable term until a default occurs under such other Non-Convertible Debt), then (i) the Borrower shall notify the Holder of such additional or more favorable term within one (1) business day of the issuance and/or amendment (as applicable) of the respective Non-Convertible Debt, and (ii) such term, at Holder's option, shall become a part of the transaction documents with the Holder (regardless of whether the Borrower complied with the notification provision of this Section 1.3). The types of terms contained in another Non-Convertible Debt that may be more favorable to the holder thereof include, but are not limited to, terms addressing prepayment rate, interest rates, and original issue discounts.

1.4 Repayment from Proceeds. If, at any time on or after the Issue Date of this Note, and prior to the full repayment or full conversion of all amounts owed under this Note, the Borrower or any of the Borrower's subsidiaries (the "Subsidiaries") receives cash proceeds from the issuance of equity or debt or the sale of assets (including but not limited to real property) by the Borrower or any of the Borrower's Subsidiaries, the Borrower shall, within one (1) business day of Borrower's or the Subsidiaries' receipt of such proceeds, inform the Holder of or publicly disclose such receipt, following which the Holder shall have the right in its sole discretion to require the Borrower or the Subsidiaries to immediately apply up to 12.5% of such proceeds (net of outstanding legal fees of the Borrower, underwriter or broker-dealer expense and legal fee reimbursements, outstanding auditor fees of the Borrower, outstanding transfer agent fees of the Borrower, and fees of the SEC and FINRA in connection with such transaction, in each case if applicable) to repay all or any portion of the outstanding Principal Amount and interest (including any Default Interest) then due under this Note. Failure of the Borrower to comply with this provision shall constitute an Event of Default. Each time the Borrower makes a payment to Holder pursuant to Section 1.4 of this Note (each a "RFP Payment"), the total amount of each respective RFP Payment shall be reduced from the next Amortization Payment due under this Note (for the avoidance of doubt, if the total amount of the respective RFP Payment exceeds the next Amortization Payment due, then the excess amount shall be reduced from the following Amortization Payment in chronological order). Notwithstanding the foregoing, Holder has agreed that no RFP payment will be due on receipt of funds from (i) this Note and (ii). The original issue discount note of $550,000 (issue amount $616,000) that the Company is currently negotiating.

ARTICLE II. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

2.1 Failure to Pay Principal and Interest. The Borrower fails to pay the principal and/or interest when due on this Note, whether at maturity, upon acceleration, pursuant to Section 1.2 of this Note, or otherwise and such breach continues for a period of five (5) days after written notice from the Holder.

2.2 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

2.3 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

2.4 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

2.5 Cessation of Operations. Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

2.6 Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note or any collateral documents entered into between Borrower and Holder in connection with this Note, and such breach continues for a period of five (5) calendar days after written notice thereof to the Borrower from the Holder.

2.7 Delisting of Common Stock. The Borrower shall fail to maintain the listing of its common stock on the Nasdaq Capital Market.

ARTICLE III. MISCELLANEOUS

3.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

3.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or electronic mail, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by electronic mail, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

CHANGE AGENTS CORPORATION
4400 Route 9 South, Suite 3100
Freehold, NJ 07728
Attn: Sam Knipper, Chief Financial Officer
Email: sam@changeagentscorp.com

If to the Holder:

FirstFire Global Opportunities Fund, LLC
1040 First Avenue, Suite 190
New York, NY 10022
Email: eli@firstfirecapital.com

3.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

3.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

3.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

3.6 Commitment Shares. The Company shall issue 300,000 shares of its restricted common stock (the "Commitment Shares") to the Holder as a commitment fee in connection with the Holder's funding of the Purchase Price. The Commitment Shares shall be earned in full by the Holder as of the Issue Date.

3.7 Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the federal courts sitting in the State of Delaware. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any objection or defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof or any agreement delivered in connection herewith. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on August 13, 2026

CHANGE AGENTS CORPORATION

By: /s/ Sam Knipper
Sam Knipper
Chief Financial Officer

Accepted and Agreed:

FirstFire Global Opportunities Fund, LLC

By: /s/ Eli Fireman
Name: Eli Fireman
Title: Authorized Signatory

Exhibit 22.1

Subsidiary Guarantors

Subsidiary Guarantors for that certain Business Loan Agreement dated July 24, 2026 in the amount of $825,000 by and among Agile Capital Funding, LLC as collateral agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and Agile Lending, LLC, a Virginia limited liability company ("Lead Lender"), Change Agents Corporation and its subsidiaries, Avalon Healthcare System Inc., Avalon Laboratory Services, Inc., and Avalon Quantum AI LLC are:

1. Avalon Healthcare System Inc.,

2. Avalon Laboratory Services, Inc., and

3. Avalon Quantum AI LLC guaranteed the Business Loan and the Secured Note

Exhibit 31.1

Certification of Chief Executive Officer of Change Agents Corporation
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Meng Li, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Change Agents Corporation;

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: August 14, 2026

/s/ Meng Li
Meng Li
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer of Change Agents Corporation
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sam Knipper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Change Agents Corporation;

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: August 14, 2026

/s/ Sam Knipper
Sam Knipper
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Meng Li, Interim Chief Executive Officer of Change Agents Corporation (the "Company"), hereby certifies that based on the undersigned's knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 14, 2026

/s/ Meng Li
Meng Li
Interim Chief Executive Officer
(*Principal Executive Officer*)

<u>Exhibit 32.2</u>

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Sam Knipper, Chief Financial Officer of Change Agents Corporation (the "Company"), hereby certifies that based on the undersigned's knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 14, 2026

/s/ Sam Knipper
Sam Knipper
Chief Financial Officer
(*Principal Financial and Accounting Officer*)