These financial statements for Charlotte's Web Holdings, Inc. are also included in the Form 10-Q for the quarter ended September 30, 2026 filed on SEDAR+ on November 12, 2026 in its entirety. Amounts are presented in thousands of United States dollars, unless otherwise indicated.

CHARLOTTE'S WEB HOLDINGS, INC.
FORM 10-Q
For the Quarter Ended September 30, 2026

TABLE OF CONTENTS

Part I	FINANCIAL INFORMATION	
Item 1.	Condensed Consolidated Financial Statements (Unaudited)	1
	- Condensed Consolidated Balance Sheets	2
	- Condensed Consolidated Statements of Operations	3
	- Condensed Consolidated Statements of Shareholders' Equity (Deficit)	4
	- Condensed Consolidated Statements of Cash Flows	5
	- Notes to Condensed Consolidated Financial Statements	6

PART I

Item 1. Financial Statements

CHARLOTTE'S WEB HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	September 30, 2026 (unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,364	$ 8,035
Accounts receivable, net	1,428	811
Inventories, net	15,260	18,022
Prepaid expenses and other current assets	3,324	3,491
Total current assets	31,376	30,359
Property and equipment, net	19,565	22,679
Operating lease right-of-use assets, net	10,696	11,297
Investment in unconsolidated entity	8,400	8,800
Intangible assets, net	713	785
Derivative and other long-term assets	1,686	1,353
Total assets	$ 72,436	$ 75,273
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,601	$ 2,186
Accrued and other current liabilities	4,638	5,053
Lease obligations – current	1,303	1,420
Total current liabilities	7,542	8,659
Convertible debenture	—	50,849
Lease obligations	11,384	12,186
Derivative and other long-term liabilities	433	5,618
Total liabilities	19,359	77,312
Commitments and contingencies (Note 7)		
Shareholders' equity (deficit):		
Common shares, nil par value; unlimited shares authorized; 271,291,529 and 159,420,141 shares issued and outstanding as of September 30, 2026 and December 31, 2025	1	1
Additional paid-in capital	405,083	329,270
Accumulated deficit	(352,007)	(331,310)
Total shareholders' equity (deficit)	53,077	(2,039)
Total liabilities and shareholders' equity (deficit)	$ 72,436	$ 75,273

See Notes to Unaudited Condensed Consolidated Financial Statements

CHARLOTTE'S WEB HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2026	**2025**	**2026**	**2025**
Revenue	$ 9,393	$ 11,503	$ 31,407	$ 36,571
Cost of goods sold	4,990	7,026	16,643	19,874
Gross profit	4,403	$ 4,477	$ 14,764	$ 16,697
Selling, general and administrative expenses	8,097	9,731	27,140	31,371
Operating loss	(3,694)	(5,254)	(12,376)	(14,674)
Change in fair value of financial instruments	100	(1,200)	(3,211)	(2,869)
Loss from extinguishment of debt	—	—	(4,216)	—
Other income (expense), net	159	600	(839)	(813)
Loss before provision for income taxes	(3,435)	(5,854)	(20,642)	(18,356)
Income tax benefit (expense)	(23)	36	(55)	38
Net loss	$ (3,458)	$ (5,818)	$ (20,697)	$ (18,318)
Per common share amounts (Note 10)				
Net loss per common share, basic and diluted	$ (0.01)	$ (0.04)	$ (0.10)	$ (0.12)

See Notes to Unaudited Condensed Consolidated Financial Statements

CHARLOTTE'S WEB HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(in thousands, except share amounts)
(unaudited)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount			
Balance—December 31, 2025	159,420,141	$ 1	$ 329,270	$ (331,310)	$ (2,039)
Common shares issued upon vesting of restricted share units, net of withholding	263,812	—	(41)	—	(41)
Share-based compensation	—	—	151	—	151
Net loss				(13,112)	(13,112)
Balance— March 31, 2026	159,683,953	$ 1	$ 329,380	$ (344,422)	$ (15,041)
Common shares issued upon vesting of restricted share units, net of withholding	854,335	—	(278)	—	(278)
Exercise of common shares options	67,601	—	22	—	22
Share-based compensation	—	—	506	—	506
Conversion of convertible debenture into common shares	95,281,277	—	64,982	—	64,982
Issuance of common shares by private investment	14,662,765	—	10,000	—	10,000
Net loss				(4,127)	(4,127)
Balance—June 30, 2026	270,549,931	$ 1	$ 404,612	$ (348,549)	$ 56,064
Common shares issued upon vesting of restricted share units, net of withholding	741,598	—	(51)	—	(51)
Share-based compensation	—	—	522	—	522
Net loss				(3,458)	(3,458)
Balance—September 30, 2026	271,291,529	$ 1	$ 405,083	$ (352,007)	$ 53,077

See Notes to Unaudited Condensed Consolidated Financial Statements

CHARLOTTE'S WEB HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(in thousands, except share amounts)
(unaudited)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount			
Balance—December 31, 2024	158,009,541	$ 1	$ 328,655	$ (301,569)	$ 27,087
Common shares issued upon vesting of restricted share units, net of withholding	—	—	—	—	—
Share-based compensation	—	—	187	—	187
Net loss				(6,212)	(6,212)
Balance—March 31, 2025	158,009,541	$ 1	$ 328,842	$ (307,781)	$ 21,062
Common shares issued upon vesting of restricted share units, net of withholding	608,226	—	(25)	—	(25)
Share-based compensation	—	—	180	—	180
Net loss				(6,288)	(6,288)
Balance—June 30, 2025	158,617,767	$ 1	$ 328,997	$ (314,069)	$ 14,929
Common shares issued upon vesting of restricted share units, net of withholding	518,687	—	(9)	—	(9)
Share-based compensation	—	—	145	—	145
Net loss				(5,818)	(5,818)
Balance—September 30, 2025	159,136,454	$ 1	$ 329,133	$ (319,887)	$ 9,247

See Notes to Unaudited Condensed Consolidated Financial Statements

CHARLOTTE'S WEB HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30, (unaudited)	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (20,697)	$ (18,318)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,242	4,650
Loss on extinguishment of debt	4,216	—
Change in fair value of financial instruments	3,211	2,869
Inventory provision	1,365	24
Convertible debenture and other accrued interest	1,321	2,223
Share-based compensation	1,179	512
Changes in right-of-use assets	600	1,348
Other	(95)	(914)
Changes in operating assets and liabilities:		
Accounts receivable, net	(694)	191
Inventories, net	1,412	(781)
Prepaid expenses and other current assets	114	(389)
Accounts payable, accrued and other liabilities	(562)	(1,215)
Operating lease obligations	(920)	(1,751)
Other operating assets and liabilities, net	(964)	(695)
Net cash used in operating activities	(6,272)	(12,246)
Cash flows from investing activities:		
Purchases of property and equipment and intangible assets	(57)	(650)
Proceeds from sale of assets	5	122
Net cash used in investing activities	(52)	(528)
Cash flows from financing activities:		
Proceeds from issuance of common shares	10,000	—
Other financing activities	(347)	(34)
Net cash provided by (used in) financing activities	9,653	(34)
Net increase (decrease) in cash and cash equivalents	3,329	(12,808)
Cash and cash equivalents —beginning of period	8,035	22,618
Cash and cash equivalents —end of period	$ 11,364	$ 9,810
Supplemental disclosures of non-cash investing and financing activities		
Conversion of debt to equity	52,942	
Extinguishment of embedded derivatives liability upon debt conversion	8,062	
Extinguishment of embedded derivatives asset upon debt conversion	214	

See Notes to Unaudited Condensed Consolidated Financial Statements

1. DESCRIPTION OF BUSINESS AND PRESENTATION OF FINANCIAL STATEMENTS

Description of the Business

Charlotte's Web Holdings, Inc. together with its subsidiaries (collectively "Charlotte's Web" or the "Company") is a public company incorporated pursuant to the laws of the Province of British Columbia. The Company's common shares are publicly listed on the Toronto Stock Exchange ("TSX") under the symbol "CWEB" and quoted on the OTCQX under the symbol "CWBHF." The Company's corporate headquarters is located in Louisville, Colorado in the United States of America. The majority of the Company's business is conducted in the United States of America.

The Company's primary products are made from high-quality and proprietary strains of whole-plant hemp extracts containing a full spectrum of phytocannabinoids, terpenes, flavonoids and other hemp compounds. Hemp extracts are produced from the plant Cannabis sativa L. ("cannabis" or "CBD"), and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol ("THC") concentration of not more than 0.3% on a dry weight basis ("hemp"). The Company is engaged in research involving the effectiveness of a broad variety of compounds derived from hemp, as well as other botanical-based wellness products such as functional mushrooms. The Company does not currently produce or sell medical or recreational marijuana or products derived from high-THC cannabis plants, does not have any plans to expand into these products in the near future.

The Company's current product categories include full-spectrum hemp extract oil tinctures (liquid product), gummies, soft-gels, CBD topical creams and lotions, broad-spectrum botanical CBD gummies, functional mushroom gummies, and pet products. The Company's products are distributed through its eCommerce website, third-party eCommerce websites, select distributors, and healthcare practitioners.

The Company grows its proprietary hemp domestically in the United States on farms leased in northeastern Colorado and sources hemp through contract farming operations in Arizona, Colorado, Kentucky, New Mexico, and Canada. The hemp grown in Canada is utilized exclusively in the Canadian markets or for research purposes and not in products sold within the United States.

In furtherance of the Company's research and development ("R&D") efforts, the Company established CW Labs, an internal division for R&D, to expand the Company's efforts around the science of hemp derived compounds. CW Labs is currently engaged in clinical trials addressing hemp-based health solutions. CW Labs is located in Louisville, Colorado at the Company's current good manufacturing practice ("cGMP") production and distribution facility.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the financial statements) considered necessary to present fairly the Company's financial position as of September 30, 2026 and its results of operations for the three and nine months ended September 30, 2026 and 2025, cash flows for the nine months ended September 30, 2026 and 2025, and stockholders' equity (deficit) for the three and nine months ended September 30, 2026 and 2025. Operating results for the three and nine months ended September 30, 2026, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2026. The unaudited interim condensed consolidated financial statements presented herein do not contain the required disclosures under U.S. GAAP for annual consolidated financial statements. Certain amounts presented in prior periods have been reclassified to conform with the current period presentation. The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with

the annual audited consolidated financial statements and related notes as of and for the year ended December 31, 2025 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 31, 2026.

Inventories

Inventories are stated at the lower of cost or net realizable value. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. The Company's inventory production process for cannabinoid products includes the cultivation of botanical raw material. Due to the duration of the cultivation process, a portion of the inventory will not be sold within one year. Consistent with the practice in other industries that cultivate botanical raw materials, all inventory is classified as a current asset.

Revenue Recognition

The majority of the Company's revenue is derived from sales of branded products to consumers via the Company's direct-to-consumer eCommerce website, as well as distributors, and healthcare practitioners. The service revenue is due to the Company and DeFloria Inc. ("DeFloria") entering into a Master Services Agreement ("Services Agreement") in which the Company is compensated for the provision of certain services to DeFloria. Refer to Note 14 for additional disclosure on the DeFloria Service Agreement. The following table sets forth the disaggregation of the Company's revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Product revenue	9,318	11,428	31,182	36,346
Service revenue	75	75	225	225
Total revenue	$ 9,393	$ 11,503	$ 31,407	$ 36,571

Substantially all of the Company's revenue is earned in the United States.

Recently Adopted Accounting Pronouncements

There are no new accounting pronouncements adopted by the Company that had or may have a material impact on the accompanying unaudited interim condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

Other than described below, no new accounting pronouncements issued by the FASB had or may have a material impact on the Company's consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. The guidance clarifies and improves Topic 270, including reorganizing the Codification, clarifying the scope of interim reporting guidance, adding a consolidated list of required interim disclosures, and introducing a disclosure principle for material events or changes occurring after the most recent annual reporting period. ASU 2025-11 is effective for public business entities for interim periods within annual periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effect of adopting this ASU.

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40). This guidance modernizes and clarifies the accounting model for costs related to internal-use software, eliminating the historically used stage-based framework. The new guidance supersedes ASC 350-50 on website development costs, folding relevant guidance into ASC 350-40. ASU 2025-06 is effective for the Company beginning after December 15, 2027, and early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the effect of adopting this ASU.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The new guidance requires disaggregated disclosure of income statement expenses for public business entities. ASU 2024-03 is effective for the Company beginning January 1, 2027. The Company is currently evaluating the effect of adopting this ASU.

3. FAIR VALUE MEASUREMENT

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis at September 30, 2026 and December 31, 2025, by level within the fair value hierarchy:

	September 30, 2026			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Debt interest rate conversion feature	—	—	—	—
Total financial assets	$ —	$ —	$ —	$ —
Investment in unconsolidated entity:	$ —	$ —	$ 8,400	$ 8,400
Financial liabilities:				
Debt conversion option	$ —	$ —	$ —	$ —

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Debt interest rate conversion feature	—	—	211	$ 211
Total financial assets	$ —	$ —	$ 211	$ 211
Investment in unconsolidated entity:	$ —	$ —	$ 8,800	$ 8,800
Financial liabilities:				
Debt conversion option	$ —	$ 5,187	$ —	5,187

There were no transfers between levels of the fair value hierarchy and there were no changes in the fair value methodologies during the three and nine month periods ended September 30, 2026 and the year ended December 31, 2025.

Investment in Unconsolidated Entity

On April 6, 2023, the Company jointly formed an entity, DeFloria, with AJNA BioSciences ("AJNA"), and a subsidiary of British American Tobacco ("BAT"). AJNA is a botanical drug development company. AJNA is partially owned and was co-founded by a member of the Stanley Brothers. The seven Stanley brothers (the "Stanley Brothers") founded CWB Holdings, Inc. (predecessor to Charlotte's Web, Inc).

As of September 30, 2026, BAT holds an equity interest in DeFloria in the form of approximately 2,000,000 or 100% preferred units following its $10 million initial investment and has the right to participate in future equity issuances to maintain its pro rata equity position. In 2024, BAT and AJNA invested an additional $5 million and $2 million, respectively, into DeFloria in exchange for a convertible debenture. The Company and AJNA each hold 4,000,000 or approximately 50%, respectively, of DeFloria's voting common units following a 1-10 stock split when DeFloria converted from a Limited Liability Company to a Corporation. The Company's contribution to DeFloria is a license permitting the use of certain proprietary hemp intellectual property, including clinical and consumer data.

Additionally, the Company has a supply agreement with DeFloria, under which the Company supplies the oils at cost used to produce and develop the new drug. AJNA's contribution to the entity is laboratory and regulatory services, clinical expertise, and the provision of clinical services. DeFloria used the investments for the clinical development of a hemp botanical Investigational New Drug application and has concluded Phase I clinical development.

Concurrently with the formation of DeFloria, the Company was issued a warrant to purchase 865,052 shares of Class A Common Shares of AJNA for an exercise price of $2.89 per share. Management determined the warrant should be accounted for in accordance with ASC 321, which requires the warrant to be measured at fair value at issuance and subsequently remeasured at fair value each reporting period. All changes from the remeasurement of the warrant were recorded as a change in fair value of financial instruments in the condensed consolidated statements of operations. As of April 2025, the AJNA warrants have expired and as such have no value.

The Company determined that it has a variable interest in the investment in DeFloria; however, the Company is not the primary beneficiary of DeFloria as it lacks the power to direct DeFloria's key activities. The Company concluded that the investment in DeFloria should not be consolidated. The maximum exposure to loss in the investment in DeFloria is limited to the Company's investment, which is represented by the financial statement carrying amount of its retained interest.

In accordance with ASC 825-10, equity method investments are eligible for the fair value option as they represent recognized financial assets. As the Company is not required to consolidate the investment and does not meet any of the other scope exceptions, the Company had the ability to adopt the fair value option for the investment at inception. Upon formation of the entity, the Company elected the fair value option because it allowed the investment to be valued based on current market conditions.

The investment has been remeasured at fair value at each reporting date, with changes recognized in the condensed consolidated statements of operations as changes in fair value of financial instruments for the period. For the three months ended September 30, 2026 and September 30, 2025, a gain of $100 and a loss of $300, respectively, related to the investment in DeFloria, was recognized as a change in fair value of financial instruments in the condensed consolidated statements of operations. Additionally, for the nine months ended September 30, 2026 and September 30, 2025, a loss of $400 and $1,500, respectively, related to the investment in DeFloria was recognized as a change in fair value of financial instruments in the condensed consolidated statements of operations. As of September 30, 2026 and December 31, 2025, the DeFloria investment represents an investment of $8,400 and $8,800, respectively, within the condensed consolidated balance sheets.

The use of assumptions for the fair value determination includes a high degree of subjectivity and judgment using unobservable inputs (level 3 on the fair value hierarchy), which results in estimation uncertainty. To determine the value of the investment, the Company utilizes an Option Pricing Model ("OPM"). The OPM considers the various terms of the stockholder agreements, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations upon liquidation of the entity. The OPM is appropriate when the range of potential future outcomes is difficult to predict with any certainty.

The following additional assumptions are used in the model:

	September 30, 2026	December 31, 2025
Expected term (years)	5.0	5.0
Volatility	97.7%	96.4%
Risk-free interest rate	5.1%	3.7%
Expected dividend yield	—%	—%
Discount for lack of marketability	32.0%	31.0%

Convertible Debt Derivatives

On November 14, 2022, the Company entered into a subscription agreement (the "Subscription Agreement") with BT DE Investments, Inc. a wholly-owned subsidiary of BAT Group (LSE: BATS and NYSE: BTI) (the "Lender" or "BT DE"), providing for the issuance of a $56.8 million (C$75.3 million) convertible debenture (the "Convertible Debenture"). The Convertible Debenture was convertible into 19.9% ownership of the Company's common shares at a conversion price of C$2.00 per common share of the Company on the TSX. The Convertible Debenture accrued interest at a stated annualized rate of 5% until such time that there is federal regulation permitting the use of cannabidiol, a phytocannabinoid derived from the plant *Cannabis sativa L.* as an ingredient in food products and dietary supplements in the United States. The term "federal regulation" is defined as the date that federal laws in the United States permit, authorize or do not prohibit the use of CBD as an ingredient in food products and dietary supplements. Following federal regulation of CBD, the annualized rate of interest shall reduce to 1.5%. The maturity date for the debenture was November 14, 2029 (the "Maturity Date").

On May 28, 2026, the Company completed a transaction with BT DE comprised of two components: (i) amendment and conversion of BAT's outstanding C$75.3 million convertible debenture, as well as, all accrued interest, into the Company's common shares at a conversion price of C$0.94 per share; and (ii) a concurrent additional equity investment by BT DE (the "Investment") of $10 million by way of a private placement at a price equal to C$0.94 per share.

Additionally, the Company and BT DE entered into an amendment and conversion notice for the Convertible Debenture (the "Amendment and Conversion Notice"). Pursuant to the Amendment and Conversion Notice: (i) the conversion price of the Convertible Debenture was reduced from C$2.00 to C$0.94 per share; (ii) the interest conversion price of the Convertible Debenture was amended to C$0.94 per share; and (iii) the applicable threshold for purposes of the Conversion Cap was increased from 19.9% to 40.8%. At the closing and immediately following the effectiveness of the Amendment and Conversion Notice, BT DE converted the principal amount of, and all accrued but unpaid interest on, the Convertible Debenture into 95,281,277 common shares of the Company. As of the closing of the Transaction and upon the conversion of the Convertible Debenture and the Investment, BT DE holds an aggregate of 109,944,042 common shares of the Company, representing approximately 40.6% of the issued and outstanding Common Shares (calculated on a non-diluted basis) of the Company based on 270,549,931 Common Shares issued and outstanding as of May 28, 2026.

The Company initially determined that the debenture was a freestanding financial instrument which included embedded derivatives. The embedded derivatives were bifurcated from the debenture and accounted for separately in accordance with the provisions of ASC 815, Derivatives and Hedging. The Company reviewed the terms of the debenture and identified two material embedded features which required bifurcation under ASC 815: 1) the interest rate conversion feature based on changes in federal regulations, and 2) the debt conversion option to common shares. The debt interest rate conversion feature was classified as a derivative asset and measured at fair value using a probability-weighted income approach. The debt conversion option was classified as a derivative liability and measured at fair value using a Black-Scholes option pricing model.

When a conversion feature has been separated from a convertible debt instrument and accounted for as a derivative liability or asset, there is no equity conversion feature remaining in the debt for accounting purposes. Therefore, while there is a legal conversion of the debt, the derivatives are subject to extinguishment accounting because they are being surrendered in exchange for common shares. As such, the following two derivatives have been extinguished as of May 28, 2026.

Debt Interest Rate Conversion Feature

Prior to the amendment and conversion of the Convertible Debenture, the debt interest rate conversion feature was classified as a financial asset and is remeasured at fair value at each reporting date, with changes recognized in condensed consolidated statements of operations as changes in fair value of financial instruments for the period. The use of assumptions for the fair value determination included a high degree of subjectivity and judgment using unobservable inputs (level 3 on the fair value hierarchy), which results in estimation uncertainty. The debt interest rate conversion feature, if triggered, reduced the stated interest rate of the Convertible Debenture to 1.5% upon federal regulation of CBD in the United States.

For the three months ended September 30, 2025, a gain of $101 related to the debt interest rate conversion feature was recognized as a change in fair value of financial instruments in the condensed consolidated statements of operations. Additionally, for the nine months

ended September 30, 2026 and September 30, 2025, a gain of $4 and a loss of $477, respectively, related to the debt interest rate conversion feature was recognized as a change in fair value of financial instruments in the condensed consolidated statements of operations. As of September 30, 2026 and December 31, 2025, the debt interest rate conversion feature represents a financial asset of $0 and $211, respectively, within Derivative and other long-term assets in the condensed consolidated balance sheets.

The following table provides a roll forward of the fair value of the debt interest rate feature in connection with the conversion of the convertible debenture:

Balance - December 31, 2025	$	211
Change in fair value during the period, recognized in change in fair value of financial instruments		4
Foreign currency exchange impact		(1)
Reclassification to equity in connection with extinguishment of debt		(214)
Balance - September 30, 2026	$	—

To determine the value of the debt interest rate conversion feature, the Company utilized a probability weighted income approach. This method calculated the present value of the reduced interest accrued on the Convertible Debenture assuming the feature is triggered at a certain time, after accounting for the probability of federal regulation of CBD. This approach is useful when ultimate valuation is based on an unverifiable outcome, such as an event outside of the Company's influence. The following additional assumptions were used in the model:

	May 28, 2026	December 31, 2025
Stated interest rate	5.0%	5.0%
Adjusted interest rate	1.5%	1.5%
Implied debt yield	14.3%	13.2%
Federal regulation probability	various	various
Year of event	various	various

Debt Conversion Option

Prior to the amendment and conversion of the Convertible Debenture, the Lender had the option, at any time before the Maturity Date at no additional consideration, for all or any part of the principal amount to be converted into fully paid and non-assessable common shares. The Company determined that the debt conversion option was an embedded derivative that required bifurcation and was classified as a financial liability within the condensed consolidated balance sheet. The debt conversion option was initially measured at fair value and was revalued at each reporting period using the Black-Scholes option pricing model based on Level 2 observable inputs. The assumptions used by the Company were the quoted price of the Company's common shares in an active market, risk-free interest rate, volatility and expected life, and assumed no dividends. Volatility was based on the actual historical market activity of the Company's shares. The expected life was based on the remaining contractual term of the Convertible Debenture and the risk-free interest rate was based on the implied yield available on U.S. Treasury Securities with a maturity equivalent to the expected maturity of the Convertible Debenture.

For the three months ended September 30, 2025, a loss of $1,001 related to the debt conversion option was recognized as a change in fair value of financial instruments in the condensed consolidated statements of operations. For the nine months ended September 30, 2026 and September 30, 2025, a loss of $2,814 and $839, respectively, related to the debt conversion option was recognized as a change in fair value of financial instruments in the condensed consolidated statements of operations. As of September 30, 2026 and December 31, 2025, the debt conversion option represents a financial liability of $0 and $5,187, respectively, within Derivative and other long-term liabilities in the condensed consolidated balance sheets.

The following table provides a roll forward of the fair value of the debt conversion option feature in connection with the conversion of the convertible debenture:

Balance - December 31, 2025	$	5,187
Change in fair value during the period, recognized in change in fair value of financial instruments		2,814
Foreign currency exchange impact		61
Reclassification to equity in connection with extinguishment of debt		(8,062)
Balance - September 30, 2026	$	—

The following table provides the assumptions regarding Level 2 fair value measurements inputs at their measurement dates prior to extinguishment of the Convertible Debenture as of May 28, 2026:

	May 28 2026	December 31, 2025
Expected volatility	91.6%	89.8%
Expected term (years)	3.47	3.9
Risk-free interest rate	4.3%	3.9%
Expected dividend yield	—%	—%
Value of underlying share	C$0.70	C$0.50
Exercise price	C$2.00	C$2.00

Stanley Brothers USA Holdings Purchase Option

In 2021, the Company entered into an option purchase agreement (the "SBH Purchase Option") with Stanley Brothers USA Holdings, Inc ("Stanley Brothers USA"). The SBH Purchase Option was purchased for total consideration of $8,000 and had a term of five years (extendable for an additional two years upon payment of additional consideration). The SBH Purchase Option provided the Company the option to acquire all or substantially all the shares of Stanley Brothers USA at a purchase price to be determined at the time of exercise of the SBH Purchase Option. As part of the SBH Purchase Option agreement, Stanley Brothers USA issued the Company a warrant exercisable to purchase 10% of the outstanding Stanley Brothers USA shares and convertible securities that are considered in-the-money, subject to certain conditions and exclusions. The warrant was exercisable at the Company's election for a nominal exercise price in the event the Company elects not to acquire all or substantially all shares of Stanley Brothers USA and expired 60 days after the expiration of the option. The Company was not obligated to exercise the SBH Purchase Option or warrant and as such the unexercised option and warrant have expired.

For the nine months ended September 30, 2025, the Company recognized a loss of $52 related to the SBH Purchase Option within change in fair value of financial instruments in the condensed consolidated statements of operations. As of December 31, 2025, the SBH Purchase Option represented a financial asset of $0 within Derivative assets and other long-term assets in the condensed consolidated balance sheets.

4. INVENTORIES

Inventories consist of the following:

	September 30, 2026	December 31, 2025
Harvested hemp and seeds	$ 2,547	$ 2,212
Raw materials	8,626	10,379
Finished goods	6,429	6,606
	17,602	19,197
Less: inventory provision	(2,342)	(1,175)
Total inventory	$ 15,260	$ 18,022

5. LICENSE AND MEDIA RIGHTS

MLB Promotional Rights Agreement

On October 11, 2022, the Company entered into a Promotional Rights Agreement (the "MLB Promotional Rights Agreement") with MLB Advanced Media L.P., on its own behalf and on behalf of Major League Baseball Properties, Inc., the Office of the Commissioner of Baseball, The MLB Network, LLC and the Major League Baseball Clubs (collectively, the "MLB"), pursuant to which the Company entered into a strategic partnership with MLB to promote the Company's new NSF-Certified for Sport® product line. On May 13, 2025, the Company and MLB entered into a letter agreement ("PRA Letter Agreement") terminating the MLB Promotional Rights Agreement and waiving the Company's obligation to pay the remaining aggregate rights fee of $18 million for the remainder of the term of the MLB Promotional Rights Agreement.

As consideration under the MLB promotional rights agreement, the Company paid a combination of cash over the license period, along with upfront non-cash consideration in the form of equity, as well as contingent consideration in the form of contingent payments based on revenue.

The PRA Letter Agreement terminated the MLB Promotional Rights Agreement. As a result of the termination, the license and media rights assets as well as the current and non-current payable previously recorded on the condensed consolidated balance sheets were written off. This write-off resulted in the recognition of a gain of $2,326 which is included in Other income (expense), net within the condensed consolidated statements of operations, for the nine months ended September 30, 2025. The gain reflects the net impact of the derecognition of related obligation exceeding the carrying value of the associated assets.

6. DEBT

Convertible Debenture

On November 14, 2022, the Company entered into the Subscription Agreement with BT DE Investments, Inc., providing for the issuance of a $56.8 million (C$75.3 million) Convertible Debenture. The Convertible Debenture was denominated in Canadian Dollars ("CAD" or "C$"). The Convertible Debenture was convertible into 19.9% ownership of the Company's common shares at a conversion price of C$2.00 per Common Share of the Company. The Convertible Debenture accrued interest at a stated annualized rate of 5% until such time that there was federal regulation permitting the use of CBD as an ingredient in food products and dietary supplements in the United States. Following federal regulation of CBD, the stated annualized rate of interest shall reduce to 1.5%. Interest accrued annually and payable on the maturity date or date of earlier conversion.

On May 28, 2026, the Company completed a transaction with BT DE comprised of two components: (i) amendment and conversion of BAT's outstanding C$75.3 million Convertible Debenture, as well as, all accrued interest, into Charlotte's Web's common shares at a

conversion price of C$0.94 per share; and (ii) a concurrent additional equity investment by BT DE of $10 million by way of a private placement at a price equal to C$0.94 per share.

Additionally, the Company and BT DE entered into the Amendment and Conversion Notice. Pursuant to the Amendment and Conversion Notice: (i) the conversion price of the Convertible Debenture was reduced from C$2.00 to C$0.94 per share; (ii) the interest conversion price of the Convertible Debenture was amended to C$0.94 per share; and (iii) the applicable threshold for purposes of the Conversion Cap (as defined in the Convertible Debenture) was increased from 19.9% to 40.8%. At the closing and immediately following the effectiveness of the Amendment and Conversion Notice, BT DE converted the principal amount of, and all accrued but unpaid interest on, the Convertible Debenture into 95,281,277 common shares of the Company. As of the closing of the Transaction and upon the conversion of the Convertible Debenture and the Investments, BT DE holds an aggregate of 109,944,042 common shares of the Company, representing approximately 40.6% of the issued and outstanding Common Shares (calculated on a non-diluted basis) of the Company based on 270,549,931 Common Shares issued and outstanding as of May 28, 2026.

The retirement of the debt obligations was accounted for as an extinguishment of debt. In accordance with applicable accounting standards, the Company recognized $65.0 million in additional paid-in capital in connection with the transaction, including $52.9 million attributable to the fair value of the conversion feature and $12.0 million related to unamortized debt discount. As a result, the Company recognized a loss on extinguishment of debt of $4.2 million, which was recorded in Loss from extinguishment of debt on the Company's condensed consolidated statements of operations.

Following this conversion, the outstanding balance of the Convertible Debenture and its associated accrued interest represents a zero balance in the Company's condensed consolidated balance sheets statement.

The following is a summary of the Company's convertible debenture as of December 31, 2025:

	As of December 31, 2025		
Convertible Debenture	Principal Amount	Unamortized Debt Discount and Costs	Net Carrying Amount
Convertible debenture due November 2029 (prior to extinguishment)	$ 63,944	$ (13,095)	$ 50,849

The Convertible Debenture, prior to extinguishment, was C$75.3 million per the subscription agreement and translated to USD on the transaction date. For the three months ended September 30, 2025, the Company recognized a foreign currency a gain of $1,100 related to the net carrying value of the Convertible Debenture within the condensed consolidated statement of operations. Additionally, for the nine months ended September 30, 2026 and September 30, 2025, the Company recognized a foreign currency gain of $227 and a loss of $1,438, respectively, related to the net carrying value of the Convertible Debenture within the condensed consolidated statement of operations.

As of December 31, 2025, the principal amount of the Convertible Debenture, prior to extinguishment, included $9,057 of accrued interest expense. The following is a summary of the interest expense and amortization expense, recorded within the condensed consolidated statements of operations, of the Company's convertible debenture for the three and nine months ended September 30, 2026 and September 30, 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest expense	$ —	$ 752	$ 1,321	$ 2,223
Amortization of debt discounts and costs	—	550	999	1,527
Total interest and amortization expense	$ —	$ 1,302	$ 2,320	$ 3,750

7. COMMITMENTS AND CONTINGENCIES

Legal Contingencies

From time to time, the Company is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. Although the ultimate aggregate amount of monetary liability or financial impact with respect to these matters is subject to many uncertainties and is therefore not predictable with assurance, management believes that as of September 30, 2026 there is no litigation pending that could have, individually and in the aggregate, a material adverse effect on the Company's financial position, results of operations or cash flows.

8. LEASES

The Company has lease arrangements related to office space, warehouse and production space, and land to facilitate agricultural operations. The leases have remaining lease terms of less than 0.42 to 8.42 years, some of which include options to extend the leases for up to five years. Generally, the lease agreements do not include options to terminate the lease.

Maturities of operating lease liabilities as of September 30, 2026 are as follows:

	Operating Leases
2026 (3 months remaining)	$ 564
2027	1,898
2028	1,819
2029	1,825
2030	1,851
Thereafter	6,329
Total lease obligation	14,286
Less: Imputed interest	(1,599)
Total lease liabilities	12,687
Less: Current lease liabilities	(1,303)
Total non-current lease liabilities	$ 11,384

9. SHAREHOLDERS' EQUITY

As of September 30, 2026 and December 31, 2025, the Company's share capital consists of one class of issued and outstanding shares: common shares. The Company is also authorized to issue preferred shares issuable in series. To date, no shares of preferred shares have been issued or are outstanding.

Common Shares

As of September 30, 2026 and December 31, 2025, the Company was authorized to issue an unlimited number of common shares, which have no par value.

10. LOSS PER SHARE

The Company computes loss per share of common shares. Basic net loss per common share is computed by dividing the net loss by the weighted-average number of common shares outstanding. Diluted loss per common share is computed by dividing the net loss by the weighted-average number of common shares together with the number of additional common shares that would have been outstanding if all potentially dilutive common shares had been issued, unless anti-dilutive.

The following table sets forth the computation of basic and dilutive net loss per share attributable to common shareholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (3,458)	$ (5,818)	$ (20,697)	$ (18,318)
Weighted-average number of common shares - basic	271,252,414	159,107,206	210,855,379	158,583,107
Dilutive effect of stock options and awards	—	—	—	—
Weighted-average number of common shares - diluted	271,252,414	159,107,206	210,855,379	158,583,107
Loss per common share – basic and diluted	$ (0.01)	$ (0.04)	$ (0.10)	$ (0.12)

As of September 30, 2026 and September 30, 2025, potentially dilutive securities include stock options, restricted share units, and common share warrants.As of September 30, 2025, potentially dilutive securities also included convertible debenture conversion rights. When the Company recognizes a net loss from continuing operations, all potentially dilutive shares are anti-dilutive and are consequently excluded from the calculation of diluted net loss per share. The potentially dilutive awards outstanding for each period are presented in the table below:

	Three and Nine Months Ended September 30,	
	2026	2025
Outstanding options	1,761,098	3,189,744
Outstanding restricted share units	4,941,143	4,663,762
Total	6,702,241	7,853,506

For the three and nine months ended September 30, 2025, the Company's Convertible Debenture was convertible into 19.9% ownership of the Company's common shares at a conversion price of C$2.00 per common share of the Company. The price of the Company's common shares did not exceed the conversion price and therefore there was no impact to potential common share diluted EPS during those periods.

On May 28, 2026, the Company entered into an agreement with BAT comprised of two components: (i) amendment and conversion of BAT's outstanding C$75.3 million Convertible Debenture, as well as, all accrued interest, into Charlotte's Web's common shares at a conversion price of C$0.94 per share; and (ii) a concurrent additional equity investment by BAT of $10 million (approximately C$13.9 million at the then applicable exchange rates) by way of a private placement at a price equal to the greater of (a) C$0.94 per share, and (b) a dollar amount equal to the maximum discount available pursuant to section 607 of the TSX Company Manual applied to the 5-day volume weighted average price of the Company's common shares on the TSX prior to the closing date (collectively, the "Transaction") provided that the maximum number of Common Shares to be issued to BAT under the Investment would not exceed 14,760,638 Common Shares.

At closing and immediately following the effectiveness of the Amendment and Conversion Notice, BAT converted the principal amount of, and all accrued but unpaid interest on, the Convertible Debenture into 95,281,277 Common Shares. As of the Closing and upon the conversion of the Convertible Debenture and the purchase of the Purchased Shares, BAT holds an aggregate of 109,944,042 Common Shares, representing approximately 40.6% of the issued and outstanding Common Shares (calculated on a non-diluted basis) of the Company based on 270,549,931 Common Shares issued and outstanding as of May 28, 2026.

11. SHARE-BASED COMPENSATION

Stock options

Stock options vest over a prescribed service period and are approved by the Company's board of directors on an award-by-award basis. Options have a prescribed service period generally lasting up to four years, with certain options vesting immediately upon issuance. Upon the exercise of any stock options, the Company issues shares to the award holder from the pool of authorized but unissued common shares.

Detail of the number of stock options outstanding for the nine months ended September 30, 2026 under the Company's 2015 legacy option plan and the Company's amended 2018 Long-Term Incentive Plan (the "2018 Plan") is as follows:

	Number of Options	Weighted-Average Exercise Price per Option	Weighted-Average Remaining Contract Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2025	1,967,426	$ 1.04	6.57	$ 28
Granted	—	—		
Exercised	(67,601)	0.32		
Forfeited (and expired)	(138,727)	1.06		
Outstanding as of September 30, 2026	1,761,098	$ 1.07	5.80	$ —
Exercisable/vested as of September 30, 2026	1,761,098	$ 1.07	5.80	$ —

There were no options granted during the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, all outstanding options were fully vested and exercisable.

Restricted share units

The Company has issued time-based restricted share units to certain employees as permitted under the Company's amended 2018 long term incentive plan (the "2018 Plan"). The restricted share units that are granted vest in accordance with the board-approved agreement, typically over equal installments up to four years. Upon vesting, one share of the Company's common shares is issued for each restricted share unit awarded. The fair value of each restricted share unit granted is equal to the market price of the Company's shares at the date of the grant. The fair value of shares vested during the nine months ended September 30, 2026 and 2025 was $507 and $278, respectively.

Details of the number of restricted share units outstanding under the 2018 Plan is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2025	4,084,117	$ 0.18
Granted	4,186,205	$ 0.72
Forfeited	(834,020)	$ 0.43
Vested	(1,859,745)	$ 0.27
Shares withheld upon vesting	(635,414)	$ 0.28
Outstanding as of September 30, 2026	4,941,143	$ 0.55

Share-based Compensation Expense

Share-based compensation expense for all equity arrangements for the three months ended September 30, 2026 and 2025 was $522 and $145, respectively, included in selling, general and administrative expense in the condensed consolidated statements of operations. Share-based compensation expense for all equity arrangements for the nine months ended September 30, 2026 and 2025 was $1,179 and $512, respectively, included in selling, general and administrative expense in the condensed consolidated statements of operations.

As of September 30, 2026, $2,016 of total unrecognized share-based compensation expense related to unvested awards granted to employees is expected to be recognized over a weighted-average period of 2.23 years.

12. INCOME TAXES

The Company reported income tax benefit (expense) of $(23) and $36 for the three months ended September 30, 2026 and 2025, respectively. Additionally, income tax benefit (expense) for the nine months ended September 30, 2026 and 2025 was of $(55) and $38, respectively. The Company's effective tax rate for the three months ended as of September 30, 2026 and September 30, 2025 was 0.6% and (0.4)%, respectively. The Company's effective tax rate for the nine months ended as of September 30, 2026 and September 30, 2025 was 0.3% and (0.1)%, respectively.

The Company's effective tax rates differ from the U.S. federal statutory rate of 21% for the three and nine months end September 30, 2026 primarily due to its full valuation allowance. The low effective tax rate is due to minimal state income taxes as well as the naked credit related to the Company's investment in DeFloria.

13. OPERATING SEGMENT

Segment information

The Company has determined that it operates in a single operating and reportable segment, which is the production and sale of hemp-based CBD wellness products, which makes up substantially all of the revenue at this time. This is consistent with how the chief operating decision maker (the "CODM") allocates resources and assesses performance. The Company's CODM is the executive operations committee that includes the chief executive officer, the chief financial officer, the chief operations officer and the chief people officer. The majority of Company's products have similar characteristics due to the same raw material ingredient (CBD and derivatives), similar nature of cultivation process, the type of customer and the regulatory nature of the industry.

The CODM assesses performance for this segment and decides how to allocate resources based on pre-tax income/(loss) that is reported on the condensed consolidated statement of operations. The measure of segment assets is reported on the condensed consolidated balance sheets as total assets. For the three months ended September 30, 2026 and 2025, the segment's revenues and pre-tax loss were $9,393 and $11,503; and $3,435 and $5,854, respectively. Additionally, for the nine months ended September 30, 2026 and 2025, the segment's revenues and pre-tax loss were $31,407 and $36,571; and $20,642 and $18,356, respectively. There are no differences between segment revenues, pre-tax loss and the Company's consolidated revenues and pre-tax net loss.

General Information

Factors used to Identify Reportable Segments: The Company operates as a single reportable segment, focusing primarily on the production and sale of hemp-based CBD wellness products.

Products and Services: The Company's revenue is primarily derived from the production and sale of hemp-based CBD wellness products.

Chief Operating Decision Maker (CODM): The Company's Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Chief People Officer.

Measure of Segment Profit or Loss and Total Assets: The CODM evaluates performance and allocates resources based on pre-tax net income/(loss), as presented in the accompanying financial statements. The measure of segment assets is reported on the balance sheet as total consolidated assets.

Significant Segment Expenses

The following significant expenses are regularly reviewed by the CODM for the three months ended September 30, 2026 and 2025: Cost of goods sold $4,990 and $7,026, respectively; Selling, general, and administrative expenses $8,097 and $9,731, respectively; Change in fair value of financial instruments gain of $100 and a loss of $1,200, respectively; and Depreciation and Amortization $1,070 and $1,689, respectively.

The CODM reviewed the following for the nine months ended September 30, 2026 and 2025 : Cost of goods sold $16,643 and $19,874, respectively; Selling, general, and administrative expenses $27,140 and $31,371 respectively; Change in fair value of financial instruments a loss of $3,211 and $2,869, respectively; Loss from extinguishment of debt $4,216 and $0, respectively; and Depreciation and Amortization $4,242 and $4,650, respectively.

Reconciliation to Consolidated Financial Statements

As the Company operates as a single reportable segment, the amounts presented above align directly with the consolidated totals in the financial statements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Product Revenue	$ 9,318	$ 11,428	$ 31,182	$ 36,346
Service Revenue	75	75	225	225
Total Revenue	$ 9,393	$ 11,503	$ 31,407	$ 36,571
Cost of goods sold	4,990	7,026	16,643	19,874
Gross profit	$ 4,403	$ 4,477	$ 14,764	$ 16,697
Gross profit %	46.9 %	38.9 %	47.0 %	45.7 %
Selling, general, and administrative expenses	8,097	9,731	27,140	31,371
Operating loss	$ (3,694)	$ (5,254)	$ (12,376)	$ (14,674)
Change in fair value of financial instruments	100	(1,200)	(3,211)	(2,869)
Loss from extinguishment of debt	$ —	$ —	$ (4,216)	$ —
Other income (expense), net	159	600	(839)	(813)
Loss before provision for income taxes	$ (3,435)	$ (5,854)	$ (20,642)	$ (18,356)
Other segment information				
Depreciation/Amortization	1,070	1,689	4,242	4,650
Total assets			72,436	81,599
Long-term liabilities			11,817	63,479

14. RELATED PARTY TRANSACTIONS

Effective November 2020, the Company issued a secured promissory note, where $1,000 was loaned to one of the Stanley Brothers. The note receivable was secured by equity instruments with certain of the Stanley Brothers, bore interest at 3.25% per annum, and required the unpaid principal and unpaid interest balances to be paid on or before the maturity date of November 13, 2021, which date was subsequently extended. Effective November 13, 2024, the Company entered into a third amendment of the promissory note to extend the maturity date until November 13, 2029. According to the terms of the agreement, no additional interest will accrue through the payment date. The note has been fully reserved for as of December 31, 2025.

On March 2, 2021, the Company entered into the SBH Purchase Option with Stanley Brothers USA as discussed above (Note 3 "Fair Value Measurement"). The SBH Purchase Option was purchased for total consideration of $8,000. Certain members of the Stanley Brothers, who are or were employees of the Company at the time, are the majority shareholders of Stanley Brothers USA. The Company was not obligated to exercise the SBH Purchase Option and as such the unexercised option expired as of February 26, 2026.

On April 6, 2023, the Company jointly formed an entity, DeFloria, with AJNA BioSciences and BAT. AJNA is a botanical drug development company and is partially owned and was co-founded by a member of the Stanley Brothers. BAT holds an equity interest in the entity in the form of approximately 2,000,000 preferred units following its $10 million investment and has the right to participate in future equity issuances to maintain its pro rata equity position. The Company and AJNA each hold 4,000,000 of the entity's voting common units (Note 3). Effective May 1, 2023, the Company entered into an 8% interest bearing note receivable with DeFloria for the sale of lab equipment in the amount of $170. The principal and interest of the note receivable will be paid in 36 monthly installments. As of September 30, 2026, and December 31, 2025, the remaining note receivable of $0 and $19, respectively is presented in other assets in the condensed consolidated balance sheets.

On April 6, 2023, the Company and DeFloria entered into a supply agreement in which the Company shall supply raw material that will be used in the development of the new drug. The price charged by the Company is at cost of goods sold level. For the nine months ended September 30, 2026 and September 30, 2025, the Company recognized $68 and $641 in revenue and cost of goods sold, respectively, related to the supply agreement with DeFloria. Similarly, on February 12, 2024, the Company and DeFloria entered into a separate master services agreement pursuant to which the Company will be compensated for the provision of certain services to DeFloria. For the three and nine months ended September 30, 2026, the Company recognized $75 and $225 in revenue and cost of goods sold, respectively, related to the service agreement with DeFloria. For the three and nine months ended September 30, 2025, the Company recognized $75 and $225 in revenue and cost of goods sold, respectively, related to the service agreement with DeFloria. Additionally, the Company has an accounts receivable balance due from DeFloria of $1,764 and $1,471 as of September 30, 2026 and December 31, 2025, respectively.

On July 15, 2025, the Company entered into a promissory note, as lender, where the Company loaned $750 to DeFloria. The funds were distributed monthly between July and November 2025. On August 14, 2026, the Company entered into an amended and restated convertible promissory note with DeFloria with an aggregate principal amount of $1,583, which superseded the July 15, 2025 promissory note and incorporated $750 of outstanding principal and $83 of accrued interest under the prior note. The note bears non-compounding interest at the Bank of England Base Rate plus 8%, capped at 14%, and had an initial interest rate of 11.25%. The note is convertible upon certain financings at the lesser of 80% of the applicable financing price or a price based on a $146 million valuation cap. The note is subject to specified maturity and acceleration provisions and may not be prepaid without majority holder consent. As of December 31, 2025 prior to the amendment and restatement of the promissory note, the outstanding balance, including accrued interest, was $784. As of September 30, 2026, following the amendment and restatement of the convertible promissory note, the outstanding balance is $1,303.

On June 4, 2026, the Company entered into a consulting agreement with Jared Stanley, former executive of the Company, and former member of the Board of Directors. In consideration for Mr. Stanley's services, he will receive a bi-weekly fee of $6.