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

FORM 10-K

(Mark One)

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

For the fiscal year ended October 31, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 001-04641

Kaival Brands Innovations Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**83-3492907** (I.R.S. Employer Identification No.)
None (Address of Principal Executive Offices)	**32949** (Zip Code)

(833) 452-4825
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**KAVL**	**OTC Pink Limited Market**

Securities to be registered under Section 12(g) of the Exchange Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

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

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large, accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large, accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒
Smaller reporting company ☒	Emerging growth company ☒	

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

☐ Yes ☒ No

As of April 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately $5,540,305 based on the closing price per share (or $0.48), of the registrant's common stock as reported by The NASDAQ Stock Market LLC.

As of January 28, 2026, there were 13,535,402 shares of the registrant's common stock, par value $0.001 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

KAIVAL BRANDS INNOVATIONS GROUP, INC.

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED OCTOBER 31, 2025

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information included in this Annual Report on Form 10-K for the year ended October 31, 2025 (this "Report") contain or may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. We generally use the words "may," "should," "believe," "expect," "intend," "plan," "anticipate," "likely," "estimate," "potential," "continue," "will," and similar expressions to identify forward-looking statements. Forward-looking statements are not statements of historical facts, but rather reflect our current expectations concerning future events and results, including, without limitation, statements related to:

- our substantial reliance on, and efforts to diversify our business from, the business of our affiliate Bidi Vapor, LLC ("Bidi");
- our inability to import and sell the Bidi Stick due to a patent infringement claim filed by R.J. Reynolds Vapor Company, R.J. Reynolds Tobacco Company, and RAI Services Company with the; International Trade Commission (the "ITC") against Bidi, us, and forty (40) other respondents (the "ITC Complaint") and the ongoing investigation of the ITC in connection with the ITC Complaint;
- our ability to raise required funding in the form of debt or equity both in the near and longer term;
- our ability to integrate and ultimately enter into licenses for or create products relating to the intellectual property assets we acquired from GoFire, Inc. on May 30, 2023;
- the impact of the FDA's marketing denial order ("MDO") in January 2024 regarding the Classic BIDI® Stick tobacco-flavored ENDS product, and the November 2025 MDO for the non-tobacco flavored BIDI® Sticks, which has the potential to have a substantial adverse impact on our company;
- the denial of Bidi Vapor's petition with the 11th Circuit Court of Appeals regarding the January 2024 MDO related to Classic BIDI® Stick;
- our substantial reliance on our relationship with, and the results of marketing and sales activity by, Phillip Morris International, to whom we have licensed international rights to distribute Bidi products and from whom we are entitled to receive royalty payments, which are currently our primary source of revenue;
- the impact of government regulation, laws or consumer preferences generally, or changes thereto, that could affect our business; and circumstances or developments that may make us unable to implement or realize the anticipated benefits, or that may increase the costs of, our current and planned business initiatives, including matters over which we have little or no control.

Forward-looking statements, including those concerning our expectations, involve significant risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance, or achievements, or industry results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. See the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" sections contained in this Report for a listing of some of the factors that could cause the results anticipated by our forward-looking statements to differ from actual future results. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Report.

PART I

Item 1. Business.

As used in this Report, the terms "we," "us," "our," the "Company," and "Kaival" refer to Kaival Brands Innovations Group, Inc., a Delaware corporation, unless otherwise indicated. The term "Common Stock" means our common stock, par value $0.001 per share.

Unless the context specifically requires otherwise, all historical share and per-share amounts reflected in our consolidated financial statements and other financial information contained in this Report are presented to reflect a 1-for-21 reverse stock split of our Common Stock which became effective for legal and accounting purposes on January 22, 2024 as if such split occurred as of the earliest period presented.

Overview

We are engaged in the sale, marketing and distribution of electronic nicotine delivery system ("ENDS") products, also known as "e-cigarettes", in a variety of favors. Until October of 2024, our primary source of revenue has been the Bidi Stick as we sold our inventory on hand. However, on June 11, 2024, RAI Strategic Holdings, Inc., R.J. Reynolds Vapor Company, R.J. Reynolds Tobacco Company, and RAI Services Company (collectively, the "RJ Reynolds Entities") filed a patent infringement complaint with the International Trade Commission (the "ITC") against Bidi, us, and forty (40) other respondents (the "ITC Complaint") pursuant to Section 337 of the Tariff Act of 1930, as amended. Specifically, the ITC Complaint alleges that one or more components or elements of the Bidi Stick infringe U.S. Patent No. 11,925,202, which is owned by one of the RJ Reynolds Entities. The ITC Complaint requests the ITC grant: (a) temporary and permanent limited exclusion orders pursuant to Section 337(e) of the Tariff Act of 1930, as amended, which would prohibit the importation of the Bidi Stick in the United States; and (b) issue temporary and permanent cease and desist orders pursuant to 337(f) of the Tariff Act of 1930, as amended, which would prohibit the sale and distribution of the Bidi Stick in the United States. No damages are recoverable in the proceedings before the ITC. Since the initiation of the ITC Complaint, we have not imported any Bidi Sticks and currently do not generate any revenue from the sale of Bidi Sticks. Our current primary source of revenue is through an international licensing agreement with Philip Morris Products S.A. ("PMPSA"), a wholly owned affiliate of Philip Morris International Inc. ("PMI"). See *"Philip Morris Deed of Licensing Agreement"* below.

Merger and Share Exchange Agreement

On September 23, 2024, we agreed with Delta Corp Holdings Limited, a company incorporated in England and Wales ("Delta") to effect a business combination between us and Delta by entering into a Merger and Share Exchange Agreement (the "Merger Agreement") among us, Delta, Delta Corp Holdings Limited, a Cayman Islands exempted company ("Pubco"), KAVL Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Pubco ("Merger Sub"), and the shareholders of Delta.

On September 11, 2025, the Company and Delta entered into a Business Combination Termination and Release Agreement (the "Termination Agreement") pursuant to Section 10.1(a) of the Merger Agreement (the "Merger Agreement') among the Company, Delta, Delta Corp Holdings Limited, a Cayman Islands exempted company, KAVL Merger Sub Inc. and Delta Corp Cayman Limited.

Pursuant to the Termination Agreement, the Company and Delta mutually terminated the Merger Agreement and all agreements between the parties that are ancillary thereto and Delta waived any and all claims against the other party that in any way directly and/or indirectly arise out of, are based upon, or are in connection with the Merger Agreement and any agreements ancillary thereto.

Description of Business Segments & Key Agreements

Kaival Labs, Inc. & Kaival Brands International, LLC.

On August 31, 2020, we formed Kaival Labs, Inc., a Delaware corporation (herein referred to as "Kaival Labs"), as a wholly owned subsidiary for the purpose of developing our own branded and white-label products and services, of which none has commenced as of the date of this Report. We have not launched any Kaival-branded products, nor have we begun to provide white label wholesale solutions for other product manufacturers.

On May 30, 2023, through Kaival Labs, we acquired certain vaporization and inhalation-related intellectual property from GoFire, Inc. ("GoFire") in exchange for equity securities for our company and contingent cash consideration. The goal of this acquisition is to diversify our product offerings and create near and longer-term revenue opportunities in the form of potential licenses for the acquired technology and our development of new products based on the purchased assets. In the near term, we expect to seek third-party licensing opportunities in the cannabis, hemp/CBD, nicotine and nutraceutical markets. Longer term, we believe we can utilize the purchased assets to create innovative and market-disruptive products, including patent protected vaporizer devices and related hardware and software applications. No assurance can be given, however, that the GoFire assets will generate revenue for us in the future or otherwise create the value for our company that we anticipate.

On March 11, 2022, we formed Kaival Brands International, LLC, a Delaware limited liability company (herein referred to as "KBI"), as a wholly owned subsidiary for the purpose of entering into an international licensing agreement with Philip Morris Products S.A. ("PMPSA"), a wholly owned affiliate of Philip Morris International Inc. ("PMI"), as described further below.

Philip Morris Deed of Licensing Agreement

On June 13, 2022, KBI entered into the PMI License Agreement with PMPSA, effective as of May 13, 2022 (the "PMI Commencement Date"). Pursuant to the PMI License Agreement, KBI granted PMPSA an exclusive irrevocable license to use its technology, documentation, and intellectual property to make, distribute, and sell disposable nicotine e-cigarette products based on the intellectual property in certain international markets set forth in the PMI License Agreement (or the PMI Markets). We have the exclusive international distribution rights to products and, in order to allow KBI to fulfill its obligations set forth in the PMI License Agreement, has contributed the international distribution rights for the PMI Markets to KBI as set forth in a Capital Contribution Agreement, dated June 10, 2022. The sublicense granted to PMPSA is exclusive in the PMI Markets and neither KBI nor any of its affiliates can sell, promote, use, or distribute any competing products in the PMI Markets for the duration of the term of the PMI License Agreement and any Sell-Out Period (as defined in the PMI License Agreement). PMSPA will be responsible for any regulatory filings necessary to sell products in the PMI Markets. Both KBI and PMPSA agree to work together in the registration and maintenance of the Intellectual Property, but KBI will bear all costs and expenses to implement the registration strategy. Finally, PMPSA has agreed to potential future development services with KBI in the PMI Markets and has been granted certain rights with respect to potential future products.

The initial term of the PMI License Agreement is five (5) years and automatically renews for an additional five-year period unless PMPSA has failed to meet the agreed upon minimum key performance indicators set forth in the PMI License Agreement, in which case the PMI License Agreement will automatically terminate at the end of the initial license term.

In consideration for the grant of the licensed rights, PMPSA agreed to pay to KBI a royalty payment for the sale of each unit of product manufactured and sold. In addition, before the launch of the first product in a market and each anniversary of such launch, PMPSA agrees to pre-pay to KBI a guaranteed minimum royalty, equal to a percentage of the estimated royalties payable by PMPSA to KBI in relation to all markets in the twelve (12)-month period following the first launch or each successive anniversary of the first launch, subject to an aggregate maximum guaranteed royalty payment for all markets for each applicable twelve (12)-month period. PMPSA may require modification of certain products to be sold under the PMI Licensing Agreement to be modified for a PMI Market. Pursuant to the PMI Licensing Agreement, PMPSA has absolute discretion over sales, marketing, product branding and packaging pertaining to sales in the PMI Markets, as well as the right to select the specific PMI Markets in which to launch commercialization and determine what product types are to be promoted in each market, subject to sales and marketing plans and annual business plans set by PMPSA and certain expansion criteria agreed between PMPSA and KBI.

The PMI License Agreement contains customary representations, warranties, covenants, and indemnification provisions; however, KBI's liability under the PMI License Agreement is capped at the greater of: (i) Ten Million Dollars ($10,000,000); or (ii) an amount equal to the total of the royalties due to KBI (but not yet paid) plus the royalties (including the guaranteed royalty payment) paid to KBI pursuant to the PMI License Agreement during the immediately preceding twelve (12) consecutive months, provided that such amount shall not exceed Thirty Million Dollars ($30,000,000). These royalties may be initially offset on a limited basis by jointly agreed upon costs such as development costs incurred for entry to specific international markets.

On August 12, 2023, we executed and entered into a Deed of Amendment No. 1 (the "PMI License Amendment") with PMPSA, Bidi and KBI. Pursuant to the PMI License Amendment (which has an effective date of June 30, 2023), the following material changes have been made to the PMI License Agreement:

(i) *Royalty Rate*. The royalty paid by PMPSA to KBI will no longer be based on sales price of the product being sold, but rather on the volume of liquid contained within product being sold. The royalty will be on a sliding scale of between $0.08 to $0.16 per sale based on the volume of liquid contained in the product, increasing to between $0.10 to $0.20 per sale upon meeting certain sales milestones. For purposes of determining aggregate sales threshold, all sales undertaken since commencement of the PMI Licensing Agreement will be counted.

(ii) *Elimination of Certain Potential Royalty Adjustments*. Certain potential adjustments to the royalties receivable by KBI as provided for in the PMI License Agreement have been eliminated.

(iii) *Guaranteed Royalty*. The guaranteed royalty payment owed to KBI under the PMI License Agreement has been eliminated. Instead, royalties will be paid on a quarterly basis going forward based on actual sales. Any unpaid guaranteed royalty has been cancelled.

(iv) *Insurance Tail Requirements*. KBI's requirement to keep certain tail insurance after the expiration or termination of the PMI Licensing Agreement was reduced from 6 years to 2 years.

(v) *Markets*. The identification of the PMI Markets that PMI may enter has been expanded to cover certain additional territories.

(vi) *Net Reconciliation Payment to KBI*. As a result of the changes to the PMI License Agreement described in paragraphs (i) thought (iii) above, the value of such changes was calculated and reconciled as of the date of commencement of the PMI Licensing Agreement through June 30, 2023. The KBI License Agreement provides that KBI shall pay Bidi license fees equivalent to 50% of the adjusted earned royalty payments, after any offsets due to jointly agreed costs such development costs incurred for entry to specific international markets. In March 2023, PMPSA announced the launch of a product (now called VEEV NOW) under the PMI License Agreement.

In connection with the PMI License Agreement, we, Bidi, and PMPSA also entered into a deed of letter to require specific performance of the duties and obligations set forth in the PMI License Agreement if KBI is unable or fails to sublicense the intellectual property to PMPSA pursuant to the PMI License Agreement and/or is unable or fails to perform certain of its obligations or grant the rights pursuant to the PMI License Agreement. In addition, we, Bidi, and PMPSA entered into a guarantee, whereby we and Bidi guarantee to PMPSA up to 50% of all of KBI's monetary obligations set forth in the PMI License Agreement if KBI fails to perform or discharge certain of its obligations in the PMI License Agreement.

In November 2023, KBI, Bidi and PMPSA agreed to initiate a pilot project, pursuant to which PMPSA would manufacture up to an agreed upon number of Bidi Sticks with PMI's own e-liquid for commercialization in Canada. Based on the results of the pilot, we and PMPSA may consider appropriate changes or amendments to the PMI License Agreement to accommodate the manufacturing and sales of Bidi Sticks containing PMI e-liquids in Canada. As of the date of this Report, this pilot program has not yet started.

On December 16, 2024, KBI and Bidi received a letter from PMPSA that notified us of their intention to discontinue the licensing agreement of their 2ml products due to the lack of profitability and the analysis that it would likely not turn profitable. They confirmed that this decision would not affect the commercialization activities under the licensing agreement of the 5ml and 18ml vaping products.

KBI License Agreements

On June 10, 2022, Bidi entered into a License Agreement (the "License Agreement:) with KBI, pursuant to which KBI has the exclusive irrevocable license to use Bidi's licensed intellectual property to the extent necessary for KBI to fulfill its obligations set forth in the PMI License Agreement. Such irrevocable license includes: (i) the right of KBI to grant sub-licenses to PMPSA under the PMI License Agreement for the express purposes set forth in the PMI License Agreement, but for no other purpose; (ii) the right of KBI to grant to PMPSA the right to grant sub-sub-licenses in the manner set forth in the PMI License Agreement, but for no other purpose; and (iii) certain branding rights to the extent (but only to the extent) necessary to permit KBI to perform its obligations to PMPSA as set forth in the PMI License Agreement.

Pursuant to the License Agreement, if at any time, KBI receives any license of PMPSA intellectual property from PMPSA or any of its affiliates in the manner contemplated by the PMI License Agreement, KBI will grant Bidi an irrevocable sub-license of all right, title, and interest of KBI in and to that PMPSA intellectual property. In addition, Bidi and KBI agree that any amount payable and all net royalties payable to KBI under the PMI License Agreement will be apportioned equally between Bidi and KBI in a manner such that each will ultimately receive fifty percent (50%) thereof.

The License Agreement contains customary representations, warranties, covenants, and indemnification provisions.

Bidi Vapor, LLC Distribution Agreement

On March 9, 2020, we entered into an exclusive distribution agreement (the "Distribution Agreement") with our affiliate Bidi, which Distribution Agreement was amended and restated on May 21, 2020, April 20, 2021, on June 10, 2022, and on November 17, 2022 (collectively, the "A&R Distribution Agreement"). Pursuant to the A&R Distribution Agreement, Bidi granted us an exclusive worldwide right to distribute Bidi's ENDS (as more particularly set forth in the A&R Distribution Agreement) for sale and resale to both retail level customers and non-retail level customers. Currently, the products consist solely of the "**BIDI® Stick,**" Bidi's disposable, tamper resistant ENDS product made with medical-grade components, a UL-certified battery and technology designed to deliver a consistent vaping experience for adult smokers 21 and over. We had distributed products to wholesalers and retailers of ENDS products, having ceased all direct-to-consumer sales in February 2021.

BIDI® Stick comes in a variety of flavor options for adult cigarette smokers. We do not manufacture any of the products we resell. The BIDI® Stick is manufactured by Bidi through its contract manufacturer in China. Pursuant to the terms of the A&R Distribution Agreement, Bidi provides us with all branding, logos, and marketing materials to use with our commercial partners in connection with our marketing and promotion of Bidi products.

The A&R Distribution Agreement extends the previous one-year, annual renewable term to an initial term of ten years, which automatically renews for another ten-year term if we satisfy certain minimum purchase thresholds. The A&R Distribution Agreement also provides us with a right of first refusal in the event Bidi receives an offer that would constitute a "change of control transaction," as well as a right of first refusal to act as the exclusive distributor of any and all future products of Bidi that arise out of or related to ENDS and components related to ENDS, or arise out of or related to the tobacco-derived nicotine industry.

In connection with the A&R Distribution Agreement, we entered into non-exclusive sub-distribution agreements, some of which were subsequently amended and restated by the parties in order to clarify certain provisions (all such sub-distribution agreements, as amended and restated, are collectively referred to as the "Sub-Distribution Agreements"), whereby we appointed the counterparties as non-exclusive sub-distributors. Pursuant to the Sub-Distribution Agreements, the sub-distributors agreed to purchase for resale products in such quantities as they should need to properly service non-retail customers within the continental United States (the "Territory"). These agreements were terminated in the current year.

On October 25, 2024, we entered into a letter agreement with Bidi, pursuant to which we (i) agreed with Bidi that "Products" as defined in the A&R Distribution Agreement means and includes (and has always meant and included) only the following items, to the exclusion of all other items and products (including, without limitation, the Excluded Products): (a) the "Bidi Stick", which is an electronic nicotine delivery system, or "e-cigarette", at 6% nicotine (including all available flavors) in the versions previously sold by Manufacturer to Distributor; and (b) acrylic displays preloaded with one hundred (100) such "Bidi Sticks;" (ii) waived and fully relinquished: (a) our Right of First Offer,

Right of First Refusal, and all other rights (if any) with respect to all Future Products (whether previously introduced, or introduced hereafter, by Manufacturer) pursuant to the Distribution Agreement; and (b) all of its rights with respect to a Bona Fide Offer pursuant to Section 4.F of the A&R Distribution Agreement; (iii) released Bidi from all claims arising out of events that occurred prior to the Effective Date of the A&R Distribution Agreement and (iv) acknowledged the existence of that certain matter styled In the Matter of Certain Disposable Vaporizer Devices and Components Thereof, Inv. No. 337-TA-1410 before the United States International Trade Commission, and agreed that neither said matter not any outcome thereof or resolution resulting therefrom that affects Bidi shall constitute a breach or other default by Bidi under the A&R Distribution Agreement

A key third party collaborator of ours was QuikfillRx, a Florida limited liability company which did business as "Kaival Marketing Services" to reflect its contributions to our company. QuikfillRx provided us with certain services and support relating to sales management, website development and design, graphics, content, social media, management and analytics, and market and other research. QuikfillRx provided these services to us pursuant to a Services Agreement, most recently amended on November 9, 2022, which had a term ending on October 31, 2025 (subject to potential one-year extensions) and pursuant to which QuikfillRx received monthly cash compensation and was granted certain equity compensation in the form of options. This Agreement was terminated in February 2024.

Other Potential Product Offerings & Opportunities

In May 2023 we acquired 19 existing and 47 pending patents with novel technologies related to vaporization and inhalation technologies from GoFire. The GoFire patent portfolio includes novel technologies across extrusion dose control, product preservation, tracking and tracing usage, multiple modalities (i.e., different methods of vaporizing) and child safety. The patents and patent applications cover territories including the United States, Australia, Canada, China, the EPO (European Patent Organization), Israel, Japan, Mexico, New Zealand and South Korea. The portfolio also includes a proprietary mobile device software application that is used in conjunction with certain patents in the portfolio.

We expect to continue seeking third-party licensing opportunities in the cannabis, hemp/CBD, nicotine, nutraceutical and pharmaceutical markets, as a means of monetizing our patents. Longer term, we believe we can utilize the acquired patents to create innovative and market-disruptive products for its growing base of adult consumers, including patent protected vaporizer devices and related hardware and software applications.

As described above, we hope to generate revenue from this acquired intellectual property via licensing and product development activities. However, there can be no assurance that we will be able to implement this strategy.

Concentrations

Concentration of Purchases and Other Receivable - Related Party:

There were no purchases of inventory from Bidi for the year ended October 31, 2025 and no amounts owed to Bidi for inventory purchases as of October 31, 2025.

For the year ended October 31, 2024, 100% of the inventories of Products, consisting solely of the BIDI® Stick, were purchased from Bidi, a related party company that is owned by KMDD Trust, in the amount of approximately $0.3 million.

As of October 31, 2025, we had a related party receivable balance of zero. As of October 31, 2025, the related party accounts payable balance was $50,000.

As of October 31, 2024, we had a related party receivable balance of zero. As of October 31, 2024, the related party accounts payable balance was $131,683.

Concentration of Revenues and Accounts Receivable:

No revenue concentration from the sale of Products existed for the year ended October 31, 2025.

For the year ended October 31, 2024, a substantial portion of our revenues from the sale of Products, solely consisting of the BIDI® Stick, were derived from the following customers: (i) QuikTrip Corporation generated approximately 21%, (ii) GPM Investments generated approximately 12%, and (iii) FAVS Business, LLC generated approximately 11%.

No accounts receivable concentration from the sale of Products existed as of October 31, 2025.

QuikTrip Corporation, with an outstanding balance of approximately $205 accounted for 100% of the total accounts receivable from customers, as of October 31, 2024.

Environment and Government Regulation Related to our Operations

Because we are only a wholesale distributor of products, namely the BIDI® Stick, we are only subject to Federal, state, and international laws pertaining to a distributor, not a manufacturer, of ENDS products.

Our business is dependent entirely on the resale of products provided by Bidi; thus, there is a significant risk that our business could be materially adversely affected if Bidi, as the manufacturer, does not properly abide by any Federal, state, or international laws that regulate ENDS products. Any lapse in production or availability of products from Bidi would hamper our ability to operate as we would be limited in our ability to supply our customers if our inventory ran low or ceased to exist entirely.

As a manufacturer of ENDS products, Bidi is responsible for abiding by and following various rules and regulations pertaining to the manufacturing of the ENDS products we sell and any lapse in abiding by any pertinent rules and regulations may negatively impact our ability to operate. As a distributor, we are also subject to various rules and regulations. Some of the below may not directly apply to us at this time due to the nature of our present operations. These rules and regulations include, but are not limited to, the following:

Environmental Laws

We may be subject to federal, state, and local environmental laws and regulations. Compliance with these provisions has not had, nor do we expect such compliance will have any, material adverse effect upon our capital expenditures, financial condition, or competitive position. We believe that we are not subject to any material costs for compliance with any environmental laws.

Intellectual Property

As of the date of this Report, we own the trademarks KAIVAL BRANDS and KAIVAL LABS. In addition, we purchased certain intellectual property assets of GoFire consisting of various patents, patent applications and trademarks in exchange for equity securities of our company and certain contingent cash consideration. The purchased assets consist of 19 existing patents and 47 pending patents with novel technologies related to vaporization and inhalation technologies. The patents and patent applications cover the U.S. and several international territories. The purchased assets also include four registered and two pending trademarks.

We rely on certain intellectual property rights, including logos, trademarks, and trade names, of Bidi that were granted to us pursuant to the A&R Distribution Agreement to be used in connection with the marketing, advertisement, and sale of products. We also indirectly rely on Bidi's intellectual property rights related to products, such as patents. If a third-party challenged Bidi's patents, or infringed upon such rights, our business would be materially adversely affected.

Employees

As of the date of this Report we have four employees, all of whom are full-time, including our officers. In addition to our two officers, we have two employees who fulfill roles in business development, information technology, and financial accounting and reporting management. All our employees are eligible to enroll, or have already enrolled, in our medical plan.

Emerging Growth Company

We are an emerging growth company ("EGC"), that is exempt from certain financial disclosure and governance requirements for up to five years as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The JOBS Act eases restrictions on the sale of securities and increases the number of stockholders a company must have before becoming subject to the reporting and disclosure rules of the Securities and Exchange Commission (the "SEC"). We have not elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act, which allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies.

Corporate History

We were incorporated on September 4, 2018, in the State of Delaware. Effective July 12, 2019, we changed our corporate name from Quick Start Holdings, Inc. to Kaival Brands Innovations Group, Inc. The name change was affected through a parent-subsidiary short-form merger of Kaival Brands Innovations Group, Inc., our wholly-owned Delaware subsidiary formed solely for the purpose of the name change, with and into us. We were the surviving entity.

2018 Holding Company Reorganization

On September 4, 2018, USSE Delaware, Inc., a Delaware corporation ("USSE Delaware") acquired all of our then-outstanding shares of common stock, resulting in us becoming its wholly owned subsidiary. On September 19, 2018, our wholly owned subsidiary, USSE Merger Sub, Inc., a Delaware corporation ("USSE Merger Sub"), merged with and into USSE Delaware, our then parent, effected a reorganization (the "Holding Company Reorganization") in accordance with the provisions set forth in Section 251(g) of the Delaware General Corporation Law ("DGCL"). USSE Delaware was the surviving corporation and our wholly owned subsidiary. USSE Delaware also changed its name to USSE Corp. following the Holding Company Reorganization.

Upon completion of the Holding Company Reorganization, by virtue of the merger, and without any action on the part of the holder thereof, each share of USSE Delaware's common stock issued and outstanding immediately prior to the effective time of the Holding Company Reorganization was automatically converted into one validly issued, fully paid, and non-assessable share of our Common Stock. Additionally, each share of USSE Delaware's preferred stock issued and outstanding immediately prior to the effective time was converted into one validly issued, fully paid, and non-assessable share of our preferred stock, having the same designations, rights, powers, and preferences, and the qualifications, limitations, and restrictions thereof, as the corresponding share of USSE Delaware's preferred stock. Each share of our Common Stock issued and outstanding and held by USSE Delaware immediately prior to the effective time was canceled.

2018 Change of Control

On October 19, 2018, we issued 500,000,000 shares of restricted Common Stock and 400,000 shares of Convertible Series B preferred stock to GMRZ Holdings LLC, a Nevada limited liability company ("GMRZ"), for services rendered to us. GMRZ became our controlling stockholder as a result of such issuances. On February 6, 2019, we entered into a non-binding Share Purchase Agreement (the "Agreement") by and among GMRZ, Kaival Holdings, LLC (formerly known as Kaival Brands Innovations Group, LLC), a Delaware limited liability company ("Kaival Holdings"), and us, pursuant to which, on February 20, 2019, GMRZ sold 504,000,000 shares of our restricted Common Stock, representing approximately 88.06 percent of our then-issued and outstanding shares of Common Stock, to Kaival Holdings, and Kaival Holdings paid GMRZ consideration in the amount set forth in the Agreement (the "Purchase Price"). The consummation of the transactions contemplated by the Agreement resulted in a change in control of us, with Kaival Holdings becoming our largest controlling stockholder. The sole voting members of Kaival Holdings were Nirajkumar Patel and Eric Mosser (former executives and directors of our company), with Mr. Patel holding voting control. The Purchase Price was paid with personal funds of the members of Kaival Holdings.

2020 Share Cancellation and Exchange Agreement

On August 19, 2020, we entered into a Share Cancellation and Exchange Agreement (the "Share Cancellation and Exchange Agreement") with our controlling stockholder, Kaival Holdings.

Pursuant to the Share Cancellation and Exchange Agreement, Kaival Holdings returned to us 300,000,000 shares of our Common Stock (the "Cancellation Shares"), which Cancellation Shares were canceled and retired by us. Following such cancellation, Kaival Holdings owns 204,000,000 shares of our Common Stock.

On August 19, 2020, we filed a Certificate of Designation of Preferences, Rights, and Limitations of the Series A Preferred Stock (the "Series A Certificate of Designation") with the Secretary of State of the State of Delaware, which authorized a total of 3,000,000 shares, par value $0.01 per share, of Series A Preferred Stock (the "Series A Preferred Stock").

In exchange for the Cancellation Shares, we issued 3,000,000 shares (the "Preferred Shares") of our newly designated Series A Preferred Stock to Kaival Holdings. The exchange of the Cancellation Shares and the issuance of the Preferred Shares was intended to comply with Section 3(a)(9) of the Securities Act, in that the issuance was exempt from the registration requirements of the Act because the exchange of the Cancellation Shares for the Preferred Shares was an exchange between us, as issuer, with an existing stockholder, and no commission or other remuneration was paid or given directly for the exchange.

2021 Reverse Stock Split

On July 16, 2021, we filed a Certificate of Amendment to the Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to affect a 1-for-12 reverse stock split (the "Reverse Stock Split") of the shares of our Common Stock. The Reverse Stock Split was effective as of 12:01 a.m. Eastern Time on July 20, 2021. No fractional shares were issued in connection with the Reverse Stock Split. Any fractional shares of our Common Stock that would have otherwise resulted from the Reverse Stock Split were rounded up to the nearest whole number. In connection with the Reverse Stock Split, our Board approved appropriate and proportional adjustments to all outstanding securities or other rights convertible or exercisable into shares of our Common Stock, including, without limitation, all preferred stock, warrants, options, and other equity compensation rights. All historical share and per-share amounts reflected throughout our consolidated financial statements and other financial information in this Report have been adjusted to reflect the Reverse Stock Split as if the split occurred as of the earliest period presented. The par value per share of our Common Stock was not affected by the Reverse Stock Split.

2022 Series A Preferred Shares Converted

The authorized preferred stock of the Company consists of 5,000,000 shares with a par value of $ 0.001 per share, of which 3,000,000 shares were designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock"). Each share of the Series A Preferred Stock was initially convertible into 100 shares of Common Stock; however, as a result of the Reverse Stock Split, the conversion rate was adjusted such that each share of the Series A Preferred Stock was convertible into approximately 0.3968 shares of Common Stock. On June 24, 2022, all 3,000,000 shares of Series A Preferred Stock were converted into shares of Common Stock by Kaival Holdings, our majority stockholder. The conversion of 3,000,000 shares of Series A Preferred Stock, at a conversion rate of 0.3968, equaled 1,190,477 shares of Common Stock. As a result, the authorized, preferred stock of the Company consists of 5,000,000 shares with a par value of $0.001 per share, with 0 shares of preferred stock issued or outstanding as of October 31, 2025.

May 2023 GoFire Asset Purchase Agreement

On May 30, 2023, we and Kaival Labs entered into an Asset Purchase Agreement (the "GoFire APA") with GoFire. Pursuant to the terms of the GoFire APA, we, through Kaival Labs, purchased certain intellectual property assets of GoFire consisting of various patents, patent applications and trademarks in exchange for equity securities of our company and certain contingent cash consideration. The purchased assets consist of 19 existing patents and 47 pending patents with novel technologies related to vaporization and inhalation technologies. The patents and patent applications cover the U.S. and several international territories. The purchased assets also include four registered and two pending trademarks. We have determined that the acquisition of the purchased assets does not constitute the acquisition of a "business" (as defined in Rule 11-01(d) of Regulation S-X).

Pursuant to the terms of the GoFire APA, we paid to GoFire, in addition to certain contingent cash consideration described below, consideration in the form of equity securities of our company consisting of (i) an aggregate of 95,239 shares of Common Stock (the "2023 APA Shares"); (ii) 900,000 shares of newly-designated Series B Convertible Preferred Stock, par value $0.001 per share, (the "Series B Preferred Stock" and the shares of Common Stock underlying the Series B Preferred, the "Series B Conversion Shares"), the rights, preferences and terms of which are set forth in a Certificate of Designation of Rights and Preferences of the Series B Preferred Stock, and (iii) a Common Stock purchase warrant to purchase 95,239 shares of Common Stock (the "Warrant" and the shares of Common Stock underlying the Warrant, the "Warrant Shares"). As additional consideration for the purchased assets, any cannabis-specific (meaning cannabis, hemp or cannabinoid) royalties that are generated by Kaival Labs from or due to the purchased assets, from May 30, 2023, until January 1, 2027, will be subject to a contingent cash payment as described in the GoFire APA and subject to the terms of the GoFire APA. 9,524 2023 APA Shares and a Warrant for 9,524 Warrant Shares were issued to an advisor to GoFire at the closing of the GoFire APA.

Pursuant to the GoFire APA, we are required to use commercially reasonable efforts to register the 85,715 2023 APA Shares and 85,715 Warrants and Warrant Shares with the SEC for distribution to GoFire's stockholders and/or public resale by such stockholders within 180 days of May 30, 2023. Such registration was declared effective by the SEC on January 12, 2024. To our knowledge, portions of the 85,715 2023 APA Shares and 85,715 Warrants have been distributed to the GoFire stockholders pursuant to such registration statement.

In addition, if any Series B Preferred Stock remains outstanding nineteen (19) months after May 30, 2023, we shall use commercially reasonable efforts to file with the SEC subsequent registration statement registering the distribution to GoFire's stockholders and/or public resale Series B Conversion Shares by such stockholders. If such subsequent registration statement is required, we will use our commercially reasonable efforts to obtain effectiveness of such subsequent registration statement within nineteen (19) months of May 30, 2023, and if we do not so register the Series B Conversion Shares within nineteen (19) months of May 30, 2023, we will issue to GoFire or its designee an additional ten percent (10%) of all of the Series B Conversion Shares underlying the then-outstanding shares of Series B Preferred Stock. To satisfy this obligation we will provide GoFire with an additional 10% of our shares of common stock issued to them upon the conversion of the Series B Preferred Stock at the closing of the Business Combination.

All of the securities issued as consideration for the GoFire purchased assets were subject to a lock-up agreement that terminated on November 26, 2023.

2024 Reverse Stock Split

On January 22, 2024, the Company filed a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to affect a 1-for-21 reverse stock split (the "2024 Reverse Stock Split") of the shares of the Common Stock. The 2024 Reverse Stock Split was effective on January 25, 2024, on the Nasdaq Stock Market. No fractional shares were issued in connection with the 2024 Reverse Stock Split. Any fractional shares of the Company's Common Stock that would have otherwise resulted from the 2024 Reverse Stock Split were rounded up to the nearest whole number. In connection with the 2024 Reverse Stock Split, the Board approved appropriate and proportional adjustments to all outstanding securities or other rights convertible or exercisable into shares of the Common Stock, including, without limitation, all preferred stock, warrants, options, and other equity compensation rights. All historical share and per-share amounts reflected throughout the accompanying consolidated financial statements in this Report have been retroactively adjusted to reflect the 2024 Reverse Stock Split as if the split occurred as of the earliest period presented. The par value per share of the Common Stock was not affected by the 2024 Reverse Stock Split.

Bidi Debt Exchange Agreement

On October 25, 2024 we entered the Debt Exchange Agreement with Bidi pursuant to which we satisfied an outstanding debt of $1,275,000 we owed to Bidi under the A&R Distribution Agreement by the issuance of 1,400,144 shares of our common stock to Bidi.

Item 1A. Risk Factors.

Our business and an investment in our company is speculative and subject to significant risks. We caution you that the following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. Any or all of our forward-looking statements contained in this Report and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may differ materially from those anticipated in forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosure we make in our reports filed with the SEC.

Risks Related to Our Business and Industry

If the claims against the Company and Bidi that have been filed with the International Trade Commission are successful, the Company and Bidi could be prohibited from importing and selling the Bidi Stick into the United States.

On June 11, 2024, RAI Strategic Holdings, Inc., R.J. Reynolds Vapor Company, R.J. Reynolds Tobacco Company, and RAI Services Company (collectively, the "RJ Reynolds Entities") filed a patent infringement complaint with the International Trade Commission (the "ITC") against Bidi, us, and forty (40) other respondents (the "ITC Complaint") pursuant to Section 337 of the Tariff Act of 1930, as amended. Specifically, the ITC Complaint alleges that one or more components or elements of the Bidi Stick infringe U.S. Patent No. 11,925,202, which is owned by one of the RJ Reynolds Entities. The ITC Complaint requests the ITC grant: (a) temporary and permanent limited exclusion orders pursuant to Section 337(e) of the Tariff Act of 1930, as amended, which would prohibit the importation of the Bidi Stick in the United States; and (b) issue temporary and permanent cease and desist orders pursuant to 337(f) of the Tariff Act of 1930, as amended, which would prohibit the sale and distribution of the Bidi Stick in the United States. On July 17, 2024, the Company was dismissed from the ITC proceeding and is no longer a defendant in the ITC proceeding. No damages are recoverable in the proceedings before the ITC. On November 1, 2024, Bidi stipulated to a consent order prohibiting Bidi from selling for import, importing, or selling after importation the Bidi Stick. The ITC entered the consent order on December 6, 2024,

agreeing to cease all importation and distribution of the Bidi Stick until the RJ Reynolds Entities' patent expires in October 2026. In November 2024, the ITC Administrative Law Judge (ALJ) denied temporary relief to the Reynolds Entities and the case proceeded on the merits. A trial was held in April 2025. The initial determination (ID) from the ALJ was issued on August 29, 2025. The ALJ found that violation of §337 based on infringement of U.S. Patent No. 11,925,202 by the respondents, and that both the technical and economic prongs of domestic industry were satisfied. The ID will now be reviewed by the Commission for final approval, with respondents and complainants expected to file additional briefs. The Commission target deadline was November 24, 2025 , subject to potential extensions. The asserted patent expires in October 2026 as would any exclusion order that the ITC enters as a result of the ITC Complaint, as well as the Bidi consent order.

Our Business may permanently suffer as a result of the ITC Complaint

As a result of the ITC Complaint, Bidi no longer imports the Bidi Stick and we do not expect that we will have access to the Bidi Stick in the foreseeable future. Since we have been unable to sell the Bidi Stick our revenues have declined. We may not ever be able to increase our revenues to the levels they were at when we were able to sell Bidi Sticks, as a result our business may not financially recover in the near term.

We have a present need for additional funding, which raises questions about our ability to continue as a going concern. We may be unable to raise capital when needed, which would force us to delay, reduce or eliminate aspects of our business or cause our business to fail.

As of October 31, 2025, we had cash and cash equivalents of approximately $0.5 million. We believe that based on our current operating plan, our existing cash and cash equivalents will only be sufficient to enable us to fund our operations and other obligations for a very limited period. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Moreover, we will need significant additional funds to satisfy our outstanding payables, fund our working capital, and fully implement our business plan as we seek to grow our revenues and ultimately achieve positive cash flow and profitability. In addition, our ability to continue as a going concern is adversely affected by the denial of Bidi's PMTA for its flavored Bidi Sticks and the 11th Circuit's denial of Bidi's petition challenging the FDA's January 2024 MDO relating to Classic Bidi® Stick, as well as our negative cash flows from operations, significant recurring losses and present need for additional funding. All of these factors raise substantial doubt regarding our ability to continue as a going concern.

There is therefore a material risk that we will be unable to generate sufficient revenues to pay our expenses, and if our existing sources of cash and cash flows are insufficient to fund our activities, we will need to raise additional funds. Additional equity or debt financing may not be available on acceptable terms, if at all, particularly in the current economic environment.

Until such time, if ever, we can generate substantial product revenues, we will be required to finance our cash needs through public or private equity offerings, debt financings and corporate collaboration and licensing arrangements. If we elect to raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we may raise may contain terms, such as liquidation and other preferences, that are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, research programs or product candidates or grant licenses on terms that may not be favorable to us.

If we are unable to generate cash flow positive operations or achieve profitability, and if we are unable to raise additional funds on commercially reasonable terms or at all, we may be required to significantly reduce or cease our operations, declare bankruptcy or our business could fail, which could result in the loss to investors of their investment in our securities.

We rely primarily on Bidi for access to our key intellectual property rights, and any change in our relationship could adversely alter such rights or our access to them.

We currently have no intellectual property rights other than the intellectual property assets we acquired in May 2023 from GoFire and our trademarks KAIVAL BRANDS and KAIVAL LABS. We also indirectly rely on Bidi's intellectual property rights related to the Bidi products, such as patents. We have from time to time considered, and discussed with Bidi, potential alterations to this arrangement, including a potential acquisition by us of all or a portion of the intellectual property owned by Bidi and related to Bidi products. Should we pursue such a transaction, it would be a "related party transaction," as defined by the listing rules of Nasdaq and, thus, subject to the review of the Audit Committee of our Board (or, if deemed appropriate, a special Board committee comprised of disinterested directors). Further, should we undertake such a transaction, then we would become responsible to respond if a third-party challenged Bidi's patents, or infringed upon such rights, in which case our business could be materially adversely affected.

We have a limited operating history, and our historical operating and financial results may not be indicative of future performance, which, along with the relative early stage of the ENDS industry, makes it difficult to predict our future business prospects and financial performance.

Our current business model is relatively new, and so business and prospects may be difficult to evaluate. Our limited operating history makes it difficult to evaluate both our operating history and our future potential. We have yet to demonstrate a consistent ability to generate revenue, and are still subject to many of the risks common to early-stage companies operating in the nicotine and non-nicotine delivery system products sector, including the uncertainty as to our ability to implement our business plan, market acceptance of business plan, under-capitalization, cash shortages, limitations with respect to personnel, financing and other resources and uncertainty of our ability to generate revenues. There is therefore a significant risk that our activities will not result in any material revenues or profit, and the likelihood of our business viability and long-term prospects must be considered in light of the stage of our development. There can be no assurance that we will be able to fulfill our stated business strategy and plans, or that financial, technological, market, or other limitations may force us to modify, alter, significantly delay, or significantly impede the implementation of such plans. We have insufficient results of operations in our current business model for investors to use to identify historical trends. Investors should consider our prospects considering the risk, expenses and difficulties we will encounter as an early-stage company. Our revenue and income potential is unproven and our business model is continually evolving. We are therefore subject to the risk that we will be unable to address these risks, and our inability to address these risks could lead to the failure of our business.

Our business is rapidly evolving and is particularly at risk given the FDA's January 2024 MDO for Classic BIDI® Stick and FDA's November 2025 denial of Bidi's PMTA for the non-tobacco flavored BIDI® Sticks.

The ENDS industry is relatively new and is rapidly evolving, and the FDA has been aggressive in its oversight of the ENDS industry. Changes in existing laws, regulations and policies and the issuance of new laws, regulations, policies, as well as the FDA's actions on ENDS-related PMTAs (including Bidi's) and any other entry barriers in relation to the ENDS industry may materially and adversely affect our ability to conduct business and our results of operations.

Bidi was among the many companies that received a MDO for its non-tobacco flavored BIDI® Sticks. On August 23, 2022, the U.S. Court of Appeals for the Eleventh Circuit set aside (i.e., vacated) the MDO issued to the non-tobacco flavored BIDI® Sticks and remanded Bidi's PMTA back to FDA for further review.

Separately, on or about May 13, 2022, FDA placed the tobacco-flavored Classic BIDI® Stick into the final Phase III scientific review. In March 2023, FDA issued a deficiency letter regarding the Classic BIDI® Stick PMTA, to which Bidi submitted a timely response in June 2023. Subsequently, on January 22, 2024, FDA issued a MDO for the Classic BIDI® Stick. On January 26, 2024, Bidi filed a petition for review of the MDO with the 11th Circuit Court of Appeals, followed by a motion to stay the MDO. Bidi is arguing, among other things, that the MDO was arbitrary and capricious in violation of the Administrative Procedure Act. On February 2, 2024, Bidi filed a Time Sensitive Motion for a Stay Pending Review, which the court denied on February 18, 2024. The case is now proceeding on the merits, with Bidi's opening merits brief filed on April 15, 2024. FDA filed its response brief on June 7, 2024, and Bidi filed its reply brief on July 29, 2024. Oral arguments were held before a three-judge panel on the 11th Circuit on April 2, 2025. The Court issued a decision on April 24, 2025 upholding FDA's denial order. Accordingly, at this time, the Classic BIDI® Stick is considered an adulterated tobacco product, the continued marketing and distribution of which is prohibited.

On November 4, 2025, FDA issued a MDO for the PMTA for the non-tobacco flavored Bidi Sticks. FDA's basis for this MDO is that Bidi Vapor's PMTAs for non-tobacco flavored BIDI Stick did not include sufficient, robust evidence showing that marketing the flavored products would be "appropriate for the protection of the public health" (APPH)—i.e., that adult-smoker benefits (complete switching or significant cigarette reduction) would be large enough to outweigh the well-established youth-appeal and youth-initiation risks of flavored ENDS. In particular, FDA said the submission lacked the kind of comparative evidence (e.g., RCT/longitudinal cohort comparing flavored vs tobacco-flavored ENDS) needed to demonstrate an added adult benefit. FDA therefore concluded the applications were insufficient and stopped further scientific review of other sections.

If it is determined or perceived that the usage of ENDS products poses long-term health risks, the use of ENDS products may decline significantly, which may materially and adversely affect our business, financial condition, and results of operations.

Negative publicity on the health consequences of ENDS products or other similar devices may also adversely affect the usage of ENDS products. For example, the FDA and the United States Centers for Disease Control and Prevention ("CDC") issued a joint statement on August 30, 2019, linking a number of cases of respiratory illnesses to ENDS product use. On November 8, 2019, the CDC announced that it had preliminarily linked cases of severe respiratory illness to the presence of Vitamin E acetate, which was found in certain Tetrahydrocannabinol (THC)-containing ENDS cartridges for non-electronic nicotine delivery systems (non-ENDS) products that may have been obtained illegally. However, evidence is not sufficient to rule out the contribution of other chemicals of concern, including chemicals in either THC or non-THC products (THC is the principal psychoactive constituent of cannabis). In January 2020, after further research, the FDA and CDC recommended against the use of THC-containing ENDS products, especially those from unofficial sources, and that the underage, pregnant women and adults who do not currently use tobacco products should not start using ENDS products. On February 25, 2020, the CDC issued a final update, stating that the number of cases of severe respiratory illnesses had declined to single digits as of February 9, 2020. The CDC also reconfirmed that (i) Vitamin E acetate, which was found in some THC-containing ENDS cartridges for non-ENDS ENDS products that were mostly obtained illegally, was strongly linked to and indicated to be the primary cause of the severe respiratory illnesses, and (ii) THC-containing ENDS products from informal sources were linked to most cases of severe respiratory illnesses. Furthermore, there have been recent claims that users of ENDS products may suffer a greater risk of more serious COVID-19 complications. However, it remains unclear whether the exposure to toxic chemicals through ENDS product usage will increase the risk of COVID-19.

Research regarding the actual causes of these illnesses is still ongoing. If ENDS product usage is determined or perceived to pose long-term health risks or to be linked to illnesses, the usage of ENDS products may significantly decline, which would have a material adverse effect on our business, financial condition, and results of operations. Although we currently do not offer products containing THC, any perceived correlation between THC and Vitamin E acetate may adversely affect the public's perception of ENDS products in general, regardless of whether such products contain THC and/or Vitamin E.

We do not expect the assets acquired from GoFire will generate immediate revenue for us, and we may never be able to develop these assets into revenue generating products.

We purchased a certain vaporizer and inhalation-related patent portfolio from GoFire in May 2023 with the goal of diversifying our business and lessening our dependence on Bidi. We do not expect that the acquired assets will generate immediate revenue for us. While we will seek to monetize the acquired intellectual property, including through third-party licensing opportunities, we can give no assurances at this time that either (i) the patent applications we acquired will result in issued patents or (ii) we will be able to successfully monetize these assets. Our failure to capitalize on our GoFire assets would materially impair our strategy of diversifying our product offerings, leaving us even more reliant on the products we distribute for Bidi.

Our business may be damaged by events outside of our own or Bidi's control, such as the impact of epidemics, political changes, or natural disasters.

Our business could be adversely affected by the effects of epidemics, political changes, wars or natural disasters. World economies and capital markets have been adversely impacted by COVID-19 and its variants, the Ukraine-Russia conflict, the recent eruption of hostilities in Israel and Gaza and political instability in the United States and elsewhere. The lasting impacts of these matters on the United States and broader global economy, including supply chain disruption, may have a significant continuing negative effect on our company and may continue to materially impact our company, our ability to conduct business, our financial condition and results of operations.

Reliance on information technology means a significant disruption could affect our communications and operations.

We increasingly rely on information technology systems for our internal communications, controls, reporting and relations with customers and suppliers, and information technology is becoming a significantly important tool for our sales staff. In addition, our reliance on information technology exposes us to cyber-security risks, which could have a material adverse effect on our ability to compete. Security and privacy breaches may expose us to liability and cause us to lose customers or may disrupt our relationships and ongoing transactions with other entities with whom we contract throughout our network. The failure of our information systems to function as intended, or the penetration by outside parties' intent on disrupting business processes, could result in significant costs, loss of revenue, assets or personal or other sensitive data and reputational harm.

Security and privacy breaches may expose us to liability and cause us to lose customers.

Federal and state laws require us to safeguard our wholesalers', retailers', and consumers' financial information, including credit information. Although we have established security procedures to protect against identity theft and the theft of our customers' financial information, our security and testing measures may not prevent security breaches. We cannot guarantee that a future breach will not result in material liability or otherwise harm to our business. In the event of any such breach, we may be required to notify governmental authorities or consumers under breach disclosure laws, indemnify consumers, or other third parties for losses resulting from the breach, and expend resources investigating and remediating any vulnerabilities that contributed to the occurrence of the breach. We rely on third-party technology to safeguard the security of sensitive information in our possession. Advances in computer capabilities, new discoveries in the field of cryptography and quantum computing, inadequate facility security or other developments may result in a compromise or breach of the technology used by us to protect customer data. Any compromise of our security, even a security breach that does not result in a material liability could harm our reputation and, therefore, our business and financial condition. In addition, a party who can circumvent our security measures or exploit inadequacies in our security measures, could, among other effects, misappropriate proprietary information, cause interruptions in our operations or expose customers and other entities with which we interact to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against us. Any insurance coverage that we obtain to cover such risks may be insufficient to cover all claims or losses. To the extent the measures we have taken prove to be insufficient or inadequate, we may become subject to litigation or administrative sanctions, which could result in significant fines, penalties or damages and harm to our reputation.

We may fail to manage our growth.

In our early years we had opportunities to grow significantly in a short amount of time and we intended to continue that growth in the future. However, our future growth has been placed on hold with additional constraints and demand for our resources, and we cannot be sure we will be able to manage an acceptable growth effectively as we did in our early years. If we are unable to manage our growth while expanding the distribution of our products and increasing profit margins, or if new systems that we implement to assist in managing our growth do not produce the expected benefits, our business, financial position, results of operations and cash flows could be adversely affected. We may not be able to support, financially or otherwise, future growth, or hire, train, motivate and manage the required personnel. Our failure to manage growth effectively could also limit our ability to achieve our goals as they relate to streamlined sales, marketing and distribution operations and the ability to achieve certain financial metrics.

Adverse U.S. and global economic conditions could negatively impact our business, prospects, results of operations, financial condition or cash flows.

Our business and operations are sensitive to global economic conditions. These conditions include interest rates, energy costs, inflation, recession, fluctuations in debt and equity capital markets, and the general condition of the United States and world economies, including as a result of the effect of the COVID-19 pandemic. A material decline in the economic conditions affecting consumers, which cause a reduction in disposable income for the average consumer, may change consumption patterns, and may result in a reduction in spending on our product offerings or a switch to cheaper products or products obtained through illicit channels. As such, demand for our products may be particularly sensitive to economic conditions such as inflation, recession, high energy costs, unemployment, changes in interest rates and money supply, changes in the political environment, the ultimate effect on the economy of the COVID-19 pandemic and other factors beyond our control, any combination of which could result in a material adverse effect on our business, results of operations, and financial condition.

The departure of key management personnel and the failure to attract and retain talent could adversely affect our operations.

Our success depends upon the continued contributions of our senior executive management, especially our Interim Chief Executive Officer, Mark Thoenes, our Interim Chief Financial Officer, Eric Morris If one or more of our executive officers are unable or unwilling to continue in their current positions, we may not be able to replace them readily, if at all. Additionally, we may incur additional expenses to recruit and retain new executive officers. If any of our executive officers join a competitor or forms a competing company, we may lose some or all of our customers. Finally, we do not maintain “key person” life insurance on any of our executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect our business, financial condition, and results of operations.

Our insurance may be insufficient to cover losses that may occur as a result of our operations.

We currently maintain directors’ and officers’ liability insurance and property and general liability insurance. This insurance or other insurance we may elect to obtain may not be or remain available to us or be obtainable by us at commercially reasonable rates, and the amount of our coverage may not be adequate to cover any liability we incur. Future increases in insurance costs, coupled with the increase in deductibles, will result in higher operating costs and increased risk. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we were not able to obtain liability insurance, our business, results of operations and financial condition could be materially adversely affected.

Risks Related to Our Securities

Our Restated Certificate of Incorporation, as amended (our "Certificate of Incorporation"), and our Bylaws (our "Bylaws"), as well as the DGCL and certain regulations, could discourage or prohibit acquisition bids or merger proposals, which may adversely affect the market price of our Common Stock.

Provisions of our Certificate of Incorporation and Bylaws and the DGCL may discourage, delay or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares of our Common Stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management.

In addition, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, which generally refers to a person which together with its affiliates owns, or within the last three years has owned, 15 percent or more of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of Common Stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that our stockholders could receive a premium for their Common Stock in an acquisition.

For so long as any shares of Series B Preferred Stock remain outstanding, the majority holders of the Series B Preferred Stock are entitled to designate one individual to be nominated to serve as a director on our board of directors.

For so long as any shares of Series B Preferred Stock remain outstanding, the majority holders of the Series B Preferred Stock (or the Majority Holders) will be entitled to designate one (1) individual to be nominated to serve as a director (who we refer to as the Series B Preferred Director) on our board of directors (or the Board). At each annual meeting of the stockholders of our company, or at any special meeting called for the purpose of electing directors, the Board shall nominate such designee for election. Unless the Board shall have received from the Majority Holders a written designation by March 1 of each calendar year of an individual other than the then-sitting Series B Preferred Director, the Board shall nominate the then-sitting Series B Preferred Director for re-election to the Board. The Series B Preferred Director is subject to any board of directors-related provisions that may be contained in our Certificate of Incorporation or Bylaws. The Majority Holders, voting as a single class at a meeting called for such purpose (or by written consent signed by the Majority Holders in lieu of such a meeting), have the sole right to remove the Series B Preferred Director from the Board. Any vacancy created by the removal, resignation or death of a Series B Preferred Director may solely be filled by the Majority Holders, voting as a single class, at a meeting called for such purpose (or by written consent signed by the Majority Holders in lieu of such a meeting). The Series B Preferred Director shall be entitled to receive similar compensation, benefits, reimbursement (including of reasonable travel expenses), indemnification and insurance coverage for his or her service as a director of our company as the other non-employee directors of on the Board. As of the date of this Report, the seat on our Board designated for the Series B Preferred Director is vacant due to Mr. Cassidy's resignation from the Board on January 25, 2024. As a result of their Board appointment right, the Majority Holders could have a disproportionate impact on our governance and operations, which could have an adverse effect on our company.

The Series B Preferred Stock ranks senior to our Common Stock.

The Series B Preferred Stock ranks, with respect to dividend rights, rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of our company, and redemption rights, senior to the Common Stock and each other class or series of securities now existing or hereafter authorized classified or reclassified, the terms of which do not expressly provide that such class or series ranks on a parity basis with or senior to the Series B Preferred Stock as to dividend rights, rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of our company, and redemption rights.

Future offerings of debt or equity securities may rank senior to our Common Stock.

We have a present need for additional capital, and we will likely continue to seek to raise new funding from time to time through the issuance of debt or equity securities. Our Board of Directors has the ability, without further approval of our stockholders, to issue debt or equity securities in the future, in addition to the Series B Preferred Stock, ranking senior to our Common Stock or otherwise incur additional indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to pay dividends to stockholders. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges, including with respect to dividends, more favorable than those of our Common Stock and may result in dilution (perhaps significant) to our stockholders. Because our decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings or financings, any of which could reduce the market price of our Common Stock and dilute its value.

We may issue additional classes or series of preferred stock whose terms could adversely affect the voting power or value of our commons stock.

Our Certificate of Incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations, and relative rights, including preferences over our Common Stock respecting dividends and distributions, as our Board may determine. The terms of one or more additional classes or series of preferred stock could adversely impact the voting power or value of our Common Stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or dividend or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our Common Stock.

The market price for our Common Stock is volatile and has and will fluctuate.

The market price for shares of our Common Stock may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: (i) action by the FDA with respect to Bidi's PMTAs or regulatory action by FDA generally against Bidi, our company or our industry, (ii) actual or anticipated fluctuations in our quarterly financial results; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other issuers that investors deem comparable to ours; (v) addition or departure of our executive officers or members of our Board and other key personnel; (vi) release or expiration of lock-up or other transfer restrictions on outstanding shares of Common Stock; (vii) sales or perceived sales of additional shares of our Common Stock; (viii) the liquidity of our Common Stock or lack thereof; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving us or our competitors; and (x) news reports relating to trends, concerns, technological or competitive developments, regulatory changes, and other related issues in our industry or target markets. Financial markets often experience significant price and volume fluctuations that affect the market prices of equity securities of public entities and that are, in many cases, unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of our shares of Common Stock may decline even if our operating results, underlying asset values or prospects have not changed.

A limited trading market currently exists for our securities, and we cannot assure you that an active market will ever develop, or if developed, will be sustained.

There is currently a limited trading market for our Common Stock on the OTC Pink Market and an active trading market for our Common Stock may not develop. Consequently, we cannot assure you when and if an active-trading market in our shares will be established, or whether any such market will be sustained or sufficiently liquid to enable holders of shares of our Common Stock to liquidate their investment in our Company. If an active public market should develop in the future, the sale of unregistered and restricted securities by current stockholders may have a substantial impact on any such market.

Future sales of shares of our Common Stock by our controlling shareholders or by our officers and directors may negatively impact the market price for our Common Stock.

Subject to compliance with applicable securities laws, our controlling shareholders Kaival Holdings and Bidi Vapor as well as our directors and officers and their affiliates may sell some or all of their shares of our Common Stock in the future. No prediction can be made as to the effect, if any, such future sales of shares of our Common Stock may have on the market price of the shares of our Common Stock prevailing from time to time. However, the future sale of a substantial number of shares of our Common Stock by our directors and officers and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for our shares of our Common Stock.

The concentration of ownership by Kaival Holdings and Bidi Vapor and our officers and directors may result in conflicts of interest and may prevent other stockholders from influencing significant corporate decisions and depress our stock price.

Based on the number of shares outstanding as of the date of this Report, Kaival Holdings and Bidi Vapor, our affiliated majority stockholder, together with our officers and directors, beneficially own a combined total of approximately 21.9% percent of our outstanding Common Stock, including shares of our Common Stock subject to stock options that are currently exercisable or are exercisable and that vest within 60 days as of the date of this prospects. If our controlling stockholders, together with these officers and directors act together, they will be able to exert a significant degree of influence over our management and affairs and control matters requiring stockholder approval,

including the election of directors and approval of mergers, business combinations, or other significant transactions. For example, Kaival Holdings, together with our officers and directors, could cause us to enter into transactions or agreements that we would not otherwise consider or might not be in the best interests of our minority stockholders. Similarly, this concentration of ownership may have the effect of delaying or preventing a change in control of our company otherwise favored by our other stockholders. This, in turn, could have a negative effect on the market price of our Common Stock. It could also prevent our stockholders from realizing a premium over the market price for their shares of our Common Stock. The concentration of ownership also may contribute to the low trading volume and volatility of our Common Stock. Moreover, any such conflicts of interest may not be easy to resolve and could impair our ability to operate our business.

Our Common Stock may become the target of a "short squeeze."

Beginning in 2021, the securities of several companies have increasingly experienced significant and extreme volatility in stock price due to short sellers of shares of Common Stock and buy-and-hold decisions of longer investors, resulting in what is sometimes described as a "short squeeze." Short squeezes have caused extreme volatility in those companies and in the market and have led to the price per share of those companies trading at a significantly inflated rate that is disconnected from the underlying value of the company. Sharp rises in a company's stock price may force traders in a short position to buy stock to avoid even greater losses. Many investors who have purchased shares in those companies at an inflated rate face the risk of losing a significant portion of their original investment as the price per share has declined steadily as interest in those stocks has abated. We may be a target of a short squeeze, and investors may lose a significant portion or all their investment if they purchase our shares at a rate that is significantly disconnected from our underlying value.

We do not currently pay dividends on our shares of Common Stock and have no intention of paying dividends on shares of our Common Stock for the foreseeable future.

No dividends on the shares of our Common Stock have been paid by us to date. We do not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of our Board, after considering a multitude of factors appropriate in the circumstances, including our operating results, financial condition, and current and anticipated cash needs. In addition, the terms of any future debt or credit facility may preclude us from paying any dividends unless certain consents are obtained, and certain conditions are met. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless our Board decides to pay dividends, our stockholders will be required to look at appreciation of our Common Stock to realize a gain on their investment. There can be no assurance that this appreciation will occur.

For as long as we are an "emerging growth company" we intend to take advantage of reduced disclosure and governance requirements applicable to emerging growth companies, which could result in our Common Stock being less attractive to investors and could make it more difficult for us to raise capital as and when we need it.

We are an "emerging growth company," as defined in the JOBS Act, and we have taken advantage, and intend to continue to take advantage, of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Investors may find our Common Stock less attractive because we rely on these exemptions, which could contribute to a less active trading market for our Common Stock or volatility in our share price. In addition, we may be less attractive to investors, and it may be difficult for us to raise additional capital when we need it. Investors may be unable to compare our business with other companies in our industry if they believe that our financial accounting is not as transparent as other companies in our industry. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

We may take advantage of these reporting exemptions until we are no longer an emerging growth company.

We have identified material weaknesses in our system of internal controls over financial reporting and, if we cannot remediate these material weaknesses, we may not be able to accurately report our financial condition, results of operations, or cash flows, which may adversely affect investor confidence in us and, as a result, the value of our Common Stock.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Section 404 of Sarbanes-Oxley also generally requires an attestation from our independent registered public accounting firm on the effectiveness of our system of internal controls over financial reporting. However, if we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of the exemption permitting us not to comply with the independent registered public accounting firm attestation requirement.

Our management has identified, and we have disclosed, certain material weaknesses in our system of internal controls over financial reporting as of our fiscal year ended October 31, 2025. Specifically, our management has found that our internal control system over financial reporting was ineffective as of October 31, 2025, based on a determination that there was a lack of sufficient resources to provide adequate segregation of duties consistent with control objectives, the lack of sufficient and consistent real time remote communications, and the lack of a fully developed formal review process that includes multiple levels of review over financial disclosure and reporting processes.

To address these material weaknesses, and subject to the receipt of additional financing or cash flows, we have undertaken, and intend to continue to undertake, remediation measures to address such material weaknesses, including implementing prevent and detect internal control procedures pursuant to which we can ensure segregation of duties and hire additional resources to ensure appropriate review and oversight.

Our compliance with Section 404 of Sarbanes-Oxley will require that we incur substantial accounting expenses and spend significant management efforts. We may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our system of internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations, or cash flows. This may expose us, including individual executives, to potential liability which could significantly affect our business.

We cannot assure you that we will, in the future, identify areas requiring improvement in our system of internal controls over financial reporting. We cannot assure you that the measures we will take to remediate any areas in need of improvement will be successful or that we will implement and maintain adequate controls over our financial process and reporting in the future as we continue to grow. If we are unable to establish appropriate internal financial reporting controls and procedures, if we are unable to conclude that our system of internal controls over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our system of internal controls over financial reporting once that firm begins its audits of our systems of internal controls over financial reporting, it could cause us to fail to meet our reporting obligations, result in the restatement of our financial statements, harm our operating results, cause investors to lose confidence in the accuracy and completeness of our financial reports, the market price of our common shares could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC, or other regulatory authorities. Failure to remedy any material weakness in our system of internal controls over financial reporting, or to implement or maintain other effective internal control systems required of public companies, could also restrict our future access to the capital markets.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to management, recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As of October 31, 2025, our Interim Chief Executive Officer and our Interim Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of such date due to material weaknesses in internal controls identified above.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our internal controls system, misstatements, or insufficient disclosures due to error or fraud may occur and not be detected.

We have incurred, and will continue to incur, increased costs as a result of operating as a public company, and our management has been required, and will continue to be required, to devote substantial time to new compliance initiatives.

As a public company, we have incurred and are continuing to incur significant legal, accounting, and other expenses and these expenses may increase even more after we are no longer an “emerging growth company” and “smaller reporting company.” We are subject to the reporting requirements of the Exchange Act and the rules adopted, and to be adopted, by the SEC. Our management and other personnel devote a substantial amount of time to these compliance initiatives.

Moreover, these rules and regulations have substantially increased our legal and financial compliance costs and made some activities more time-consuming and costly. The increased costs can result in our reporting a net loss. These rules and regulations may make it more difficult and more expensive for us to maintain sufficient directors' and officers' liability insurance coverage. We cannot predict or estimate the amount or timing of additional costs we may continue to incur to respond to these requirements. The ongoing impact of these requirements could also make it more difficult for us to attract and retain qualified people to serve on our Board, our Board committees, or as executive officers.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

Our company recognizes the critical importance of cybersecurity in our digital operations and has established a risk management program to address both internal and external cybersecurity threats. We acknowledge the challenges posed by the evolving nature of cyber threats and the limitations in fully mitigating these risks. We have not observed any significant impacts from known cybersecurity threats or previous incidents on our operational, strategic, or financial aspects. Nevertheless, given the unpredictable nature of cyber threats, we cannot assure complete immunity against potential future impacts.

The likelihood of cybersecurity incidents is influenced by frequency risk factors. External factors include market trends in cybercrime, technological advancements in hacking methods, and geopolitical developments. Internal factors are shaped by our policies, the effectiveness of employee training, and robustness of system updates and maintenance procedures. External cybersecurity incidents may include and are not limited to service disruptions due to email borne threat activities, ransomware, or denial of service attacks against us or our suppliers, while internal events may comprise of internal threats, subcontractors, or governance failures among other events.

Cybersecurity incident response plans are regularly updated to include structured processes encompassing identification, containment, eradication, recovery, and post-incident review. Continuous monitoring of systems and networks allows for the detection and response to potential cybersecurity threats. Response capabilities are regularly reviewed to align with the evolving cyber threat landscape and processes are fully integrated into our broader risk management system.

Criteria used to determine the materiality of an incident includes, but is not limited to, evaluating the scope, nature, type, systems, data, operational impact, and pervasiveness of the incident. This approach involves continuous oversight and improvement based on evolving cyber threats. Materiality also considers both quantitative and qualitative factors in determining impact.

Third-party engagement processes include risk evaluation across various domains such as cybersecurity, data privacy, supply chain, and regulatory compliance. We are committed to transparently disclosing material and unauthorized cybersecurity incidents involving third-party service providers, considering factors like operational technology system damages, information breaches, and interconnected attacks exploiting vulnerabilities.

Cybersecurity Governance

Our Board of Directors plays a pivotal role in overseeing the organization's preparedness for cyber threats. This involves a comprehensive understanding of our risk profile and ensuring appropriate cybersecurity controls are in place.

Item 2. Properties.

On June 10, 2022, we entered into a Lease Agreement (the "2022 Lease") with Just Pick, LLC (a related party) for approximately 21,332 rentable square feet combined in the office building and warehouse located at 4460 Old Dixie Highway, Grant-Valkaria, Florida 32949 (the "Premises"), together with all improvements thereon. Just Pick, LLC is considered a related party as it is owned and controlled by KDMM Trust I, which is also the sole voting member of Kaival Holdings. Kaival Holdings is the largest shareholder of Kaival. We believe our office space is sufficient to meet our current needs. We must pay the Just Pick lease base rent equal to $17,777 per month during the first year of the lease term. Thereafter, the monthly base rent will be increased annually with a monthly base rent of $18,666 in the second year, $19,554 in the third year, $20,443 in the fourth year, $22,221 in the fifth year, $23,999 in the sixth year, and one twelfth ($1/12^{th}$) of the market annual rent for the seventh through eleventh years, if appliable. In addition to the base rent, we must pay Just Pick one hundred percent (100%) of operating expenses, insurance costs, and taxes for each calendar year during the lease term.

On April 23, 2025, we received a letter of demand from Just Pick, LLC. noting that the Company was in breach of the lease as base rent and operating expenses have not been paid since January 8, 2025. On April 30, 2025, the Company responded and provided Just Pick, LLC with a termination notice. As of April 30, 2025, the Company determined that it would no longer be using the leased office space in its business and recorded a loss on the ROU assets of $707,626, accordingly. In May 2025, the Company paid the total unpaid lease payments through May 2025 amounting to $78,217. On January 7, 2026, the Company executed a settlement agreement with Just Pick where both parties agreed to no further payments remaining for the office lease liability. The lease liability was written off as of October 31, 2025 and the Company recognized a net gain of approximately $59,000 from the termination of the lease.

Item 3. Legal Proceedings.

From time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not currently involved in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition, or results of operations. To the best of our knowledge, no adverse legal activity is anticipated or threatened.

While we are not a party to the legal or regulatory proceedings involving Bidi described in Item 1 – Business – FDA PMTA and MDO Determinations, Related Court Actions and the Impact on Our Business, the outcome of those or related proceedings could have a material adverse impact on our ability to operate our business given our reliance on Bidi.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

On July 20, 2021, our Common Stock began trading on the Nasdaq Capital Market under the trading symbol "KAVL." On December 17, 2025, the last reported sales price of our Common Stock was $0.158. On December 23, 2025, the Company began trading on the OTC Pink Limited Market.

Holders

As of January 26, 2026, we had approximately 282 record holders of our Common Stock.

Dividends

We do not currently pay dividends on our shares of Common Stock and have no intention of paying dividends on shares of our Common Stock for the foreseeable future.

Recent Sales of Unregistered Securities; Uses of Proceeds from Registered Securities

Common Stock

Our authorized Common Stock consists of 1,000,000,000 shares with a par value of $0.001 per share. There were 11,593,402 shares of Common Stock issued and outstanding as of October 31, 2025 as compared to 8,517,302 shares of the Common Stock issued and outstanding as of October 31, 2024.

During the year ended October 31, 2025, the Company issued 3,025,000 fully vested shares of common stock, respectively, to directors, officers and an employee pursuant to grants under the Company's Amended and Restated 2020 Stock and Incentive Compensation Plan.

During the year ended October 31, 2025, the Company issued 51,100 shares of common stock through an At-the-Market (ATM) offering raising $24,293 and paid fees of $850 to Maxim for a net of $23,443.

During the year ended October 31, 2024, the Company issued 1,400,144 shares of common stock to Bidi Vapor LLC pursuant to a debt exchange agreement dated October 25, 2024. Pursuant to such issuance, Bidi Vapor LLC and the Company agreed that the outstanding account payable of $1,275,000 would be repaid in full and extinguished.

During the year ended October 31, 2024, the Company issued 1,746,500 shares of common stock in connection with the June 2024 Public Offering.

During the year ended October 31, 2024, the Company issued 2,174,456 shares of common stock from exercises of pre-funded warrants.

During the year ended October 31, 2024, the Company issued 52,949 shares of common stock for rounding of shares related to the Reverse Split.

During the year ended October 31, 2024, the Company issued 16,667 shares of common stock to a FINRA member broker-dealer in connection with the termination of its relationship with such broker dealer. The fair value was $62,000 based on the closing price of the common stock on the termination date and recorded as stock-based compensation.

During the year ended October 31, 2024, the Company issued 333,200 shares of common stock from exercises of warrants.

Series B Convertible Preferred Stock

We issued 900,000 shares of the Series B Preferred Stock as consideration for the acquisition of intellectual property assets from GoFire in May 2023. The Series B Preferred Stock carries no voting rights except: (i) with respect to the ability of the holders of a majority of the then outstanding Series B Preferred Stock (the "Majority Holders"), to nominate a director to our board of directors, and (ii) that the vote of the Majority Holders is necessary for effecting any amendment to the Company's Certificate of Incorporation or Certificate of Designation that affects the Series B Preferred Stock. The Series B Preferred Stock is redeemable at our option at a redemption price of $15 per share, subject to potential downward adjustments based on the trading price of the Common Stock. Subject to additional limitations in the GoFire APA, the Series B Preferred Stock holds seniority over the Common Stock and each other class of series of securities now existing or hereafter authorized with respect to dividend rights, the distribution of assets upon liquidation, and dissolution and redemption rights. Upon a liquidation and winding up of our company, the holders of Series B Preferred Stock are entitled to a liquidation preference of $15 per share (the "Liquidation Preference"), though the redemption may be adjusted downward based on the trading price of the Common Stock at the time of liquidation. The holders of Series B Preferred Stock are entitled to receive a dividend equal to 2% of the Liquidation Preference, accruing from May 30, 2023 and payable on the eighteen-month anniversary of May 30, 2023. No preemptive rights are granted to the holders of Series B Preferred Stock. The Majority Holders have the ability to cause a voluntary conversion of the Series B Preferred Stock into Common Stock at a conversion rate of 0.3968 shares of Common Stock per share of Series B Preferred Stock which may only occur on or after the following dates 18 month, 24 month, 36, month, 48 month, and 60 month anniversary of the original issuance date; and only up to 180,000 number of shares of Series B Preferred Stock on each of the these dates. All shares of Series B Preferred Stock will automatically convert to Common Stock upon the occurrence of a Change of Control (as defined in the GoFire APA). On December 3, 2024, the Company paid Accrued dividends of $405,000 to Series B convertible preferred shareholders. As of October 31, 2025, the Company had zero accrued dividends payable to Series B shareholders and no further dividends will be accrued or paid.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This management's Discussion and Analysis of Financial Condition and Results of Operations is designed to provide a reader of the financial statements with a narrative report on our financial condition, results of operations, and liquidity. This discussion and analysis should be read in conjunction with the audited Financial Statements and notes thereto for the year ended October 31, 2025, included under Item 8 – Financial Statements and Supplementary Data in this Report. The following discussion contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Our actual results could differ materially from those discussed in the forward-looking statements. Please also see the cautionary language at the beginning of this Report regarding forward-looking statements.

Overview

We are engaged in the sale, marketing and distribution of electronic nicotine delivery system ("ENDS") products, also known as "e-cigarettes", in a variety of favors. Until October of 2024, our primary source of revenue has been the Bidi Stick as we sold our inventory on hand. However, on June 11, 2024, RAI Strategic Holdings, Inc., R.J. Reynolds Vapor Company, R.J. Reynolds Tobacco Company, and RAI Services Company (collectively, the "RJ Reynolds Entities") filed a patent infringement complaint with the International Trade Commission (the "ITC") against Bidi, us, and forty (40) other respondents (the "ITC Complaint") pursuant to Section 337 of the Tariff Act of 1930, as amended. Specifically, the ITC Complaint alleges that one or more components or elements of the Bidi Stick infringe U.S. Patent No. 11,925,202, which is owned by one of the RJ Reynolds Entities. The ITC Complaint requests the ITC grant: (a) temporary and permanent limited exclusion orders pursuant to Section 337(e) of the Tariff Act of 1930, as amended, which would prohibit the importation of the Bidi Stick in the United States; and (b) issue temporary and permanent cease and desist orders pursuant to 337(f) of the Tariff Act of 1930, as amended, which would prohibit the sale and distribution of the Bidi Stick in the United States. No damages are recoverable in the proceedings before the ITC. Since the initiation of the ITC Complaint, we have not imported any Bidi Sticks and currently do not generate any revenue from the sale of Bidi Sticks. Our current primary source of revenue is through an international licensing agreement with Philip Morris Products S.A. ("PMPSA"), a wholly owned affiliate of Philip Morris International Inc. ("PMI"). See *"Item 1 Business--Philip Morris Deed of Licensing Agreement"*

We have also entered into a Merger and Share Exchange Agreement (the "Merger Agreement") with Delta Corp Holdings Limited, a company incorporated in England and Wales (together with its successors and assigns, "Delta"), Delta Corp Holdings Limited, a Cayman Islands exempted company ("Pubco"), KAVL Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Pubco ("Merger Sub") and Delta Corp Cayman Limited (the "Sellers").

On September 11, 2025, Kaival Brands Innovations Group, Inc., (the "Company") and Delta Corp Holdings Limited, a company incorporated in England and Wales (together with its successors and assigns, "Delta") entered into a Business Combination Termination and Release Agreement (the "Termination Agreement") pursuant to Section 10.1(a) of the Merger Agreement (the "Merger Agreement') among the Company, Delta, Delta Corp Holdings Limited, a Cayman Islands exempted company, KAVL Merger Sub Inc. and Delta Corp Cayman Limited.

Pursuant to the Termination Agreement, the Company and Delta mutually terminated the Merger Agreement and all agreements between the parties that are ancillary thereto and Delta waived any and all claims against the other party that in any way directly and/or indirectly arise out of, are based upon, or are in connection with the Merger Agreement and any agreements ancillary thereto.

Material Items, Trends and Risks Impacting Our Business

We believe that the following items and trends may be useful in better understanding the results of our operations.

On June 11, 2024, the RJ Reynolds Entities filed the ITC Complaint. The ITC Complaint requests the ITC grant: (a) temporary and permanent limited exclusion orders pursuant to Section 337(e) of the Tariff Act of 1930, as amended, which would prohibit the importation of the Bidi Stick in the United States; and (b) issue temporary and permanent cease and desist orders pursuant to 337(f) of the Tariff Act of 1930, as amended, which would prohibit the sale and distribution of the Bidi Stick in the United States. No damages are recoverable in the proceedings before the ITC. If the Company or Bidi is prohibited from importing the Bidi Stick, then our business, operations, financial results, and reputation would be significantly adversely impacted. Although Bidi disputes the patent infringement claims set forth in the ITC Complaint by the RJ Reynolds Entities, in December 2024 Bidi entered into a consent order agreeing to cease all importation and distribution of the Bidi Stick until the RJ Reynolds Entities' patent expires in October 2026. In November 2024, the ITC Administrative Law Judge (ALJ) denied temporary relief to the Reynolds Entities and the case proceeded on the merits. A trial was held in April 2025. The initial determination (ID) from the ALJ was issued on August 29, 2025. The ALJ found that violation of §337 based on infringement of U.S. Patent No. 11,925,202 by the respondents, and that both the technical and economic prongs of domestic industry were satisfied. The ID will now be reviewed by the Commission for final approval, with respondents and complainants expected to file additional briefs. The Commission target deadline was November 24, 2025, subject to potential extensions. The asserted patent expires in October 2026 as would any exclusion order that the ITC enters as a result of the ITC Complaint, as well as the Bidi consent order

As a result of the ITC Complaint and other factors, we do not expect any revenue from the sale of Bidi Sticks in the foreseeable future. Our primary source of revenue is from KBI from royalties from PMI under the PMI License Agreement.

PMI Licensing Agreement and International Distribution

On June 13, 2022, we, through our wholly owned subsidiary, KBI, entered into the PMI License Agreement with PMPSA, a wholly owned affiliate of PMI, for the development and distribution of ENDS products in certain markets outside of the United States, subject to market (or regulatory assessment). The PMI License Agreement grants to PMPSA a license of certain intellectual property rights relating to Bidi's ENDS device, known as the BIDI® Stick in the United States, as well as potentially newly developed devices, to permit PMPSA to manufacture, promote, sell, and distribute such ENDS device and newly developed devices, in international markets, outside of the United States.

On July 25, 2022, we announced the launch of PMPSA's custom-branded self-contained e-vapor product, pursuant to the licensing agreement. The product, a self-contained e-vapor device initially called VEEBA and more recently rebranded as VEEV NOW, has been custom developed and was initially distributed in Canada. VEEV NOW was then commercially launched by PMPSA in Europe in February 2023, with additional market launches planned this year. On August 12, 2023, we executed and entered into a Deed of Amendment No. 1 (the "PMI License Amendment") with PMPSA, Bidi and KBI. Pursuant to the PMI License Amendment (which was effective on June 30, 2023), resulting in a Net Reconciliation Payment to KBI and ongoing quarterly royalty payments.

The ability of PMPSA to generate sales of its licensed products is important to our results of operations since we derive royalty revenue from PMPSA sales. Should our relationship with PMPSA deteriorate or terminate, or if PMPSA is unable to generate meaningful sales of its licensed products, our business and results of operations would be materially harmed.

Ability to Develop and Monetize the GoFire Intellectual Property

We purchased certain vaporizer and inhalation-related technology from GoFire in May 2023 with the goal of diversifying our business and lessening our dependence on BIDI. We do not expect that the acquired assets will generate immediate revenue for us, and while we believe this to be a transformative acquisition for us and we are already seeking to develop and monetize the acquired assets, we can give no assurances at this time that either (i) the patent applications we acquired will eventuate in issued patents or (ii) we will be able to enter into successful monetizing arrangements with respect to these assets.

Inflation

Consumer purchases of tobacco products are historically affected by economic conditions, such as changes in employment, salary and wage levels, the availability of consumer credit, inflation, interest rates, fuel prices, sales taxes, and the level of consumer confidence in prevailing and future economic conditions. The U.S. has been experiencing an environment of material inflation in recent quarters, and this condition may impact discretionary consumer purchases, such as the BIDI® Stick. Demand for our products may also decline during recessionary periods or at other times when disposable income is lower, and taxes may be higher.

Going Concern

Our accompanying consolidated financial statements are prepared in accordance with U.S. GAAP applicable to a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business within one year after the date the consolidated financial statements are issued.

In accordance with Financial Accounting Standards Board (or FASB), Accounting Standards Update (or ASU) No. 2014-15, *Presentation of Financial Statements – Going Concern* (Subtopic 205-40), our management evaluates whether there are conditions or events, considered in aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the accompanying financial statements are issued.

As shown in the accompanying consolidated financial statements, we have incurred recurring losses and negative cash flows from operations for the year ended October 31, 2025. We will need significant additional funds to satisfy our outstanding payables, fund our working capital, and fully implement our business plan. In addition, our ability to continue as a going concern is adversely affected by the FDA's denial of Bidi's PMTA process for its non-tobacco flavored Bidi® Stick as well as our ability to continue to sell the Bidi Stick given the patent infringements claim filed by RJ Reynolds. Likewise, in April 2025, the 11th Circuit upheld FDA's MDO for the Classic BIDI® Stick. Finally, on November 4, 2025, FDA issued a MDO for the PMTA for the non-tobacco flavored Bidi Sticks. All of these factors raise substantial doubt regarding our ability to continue as a going concern.

Our management plans to continue developing strategies for similar or expanded operations of our business to help our ability to determine where our business will be viable going forward. Until such time, if ever, we can generate substantial product revenues, management plans to finance our cash needs through public or private equity offerings or debt financing.

However, there is no assurance that we will be able to raise additional capital, generate revenues or achieve profitability due to the factors listed above as well as the regulation and public perception of ENDS products and the various other risks we face. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these or other risks or uncertainties.

Liquidity and Capital Resources

We believe we will not generate sufficient revenue to support our operations for at least twelve months. As of October 31, 2025, we had working capital of approximately $100 thousand and total cash of approximately $0.5 million. As discussed above, these conditions and other factors raise substantial doubt regarding our ability to continue as a going concern.

We intend to generally rely on cash from operations and equity and debt offerings to the extent necessary and available, to satisfy our liquidity needs. There are several factors that could result in the need to raise additional funds, including a decline in revenue, a lack of anticipated sales growth, and increased costs. Our efforts are directed toward generating positive cash flow and, ultimately, profitability. As our efforts during our fiscal 2025 and since have not generated positive cash flows, we will need to raise additional capital. Should capital not be available to us at reasonable terms, other actions will become necessary, including implementing cost control measures and additional efforts to generate sales. We may also be required to take more strategic actions such as exploring strategic options for the sale of our company, the creation of joint ventures or strategic alliances under which we will pursue business opportunities, or other alternatives. We believe we have, or have access to, the financial resources to weather the impacts of the FDA's PMTA process and Bidi's receipt of MDOs from the FDA in 2021, 2024 and 2025.

Cash Flows:

Net cash flows used in operations was approximately $2.8 million for fiscal year ended 2025, compared to net cash flows used in operations of approximately $0.7 million for fiscal year ended 2024. The increase in cash flows used in operations for the fiscal year ended 2025 compared to the fiscal year ended 2024 was primarily due to lower revenue.

Net cash flows used in financing activities was approximately $0.6 million for the fiscal year ended 2025, compared to approximately $4.0 million provided by financing activities for the fiscal year ended 2024. The cash used in financing activities for the fiscal year 2025 consisted primarily of payments on preferred dividends and payments on loans payables. The cash provided by financing activities for the fiscal year ended 2024 consisted primarily from the issuance of common shares, warrants, pre-funded warrants, and proceeds from short-term financing.

Results of Operations

Fiscal year ended October 31, 2025, compared to fiscal year ended October 31, 2024

Revenues:

Revenues for fiscal year ended 2025 were approximately $0.5 million, compared to approximately $6.9 million in fiscal year ended 2024. Revenues decreased in fiscal year ended 2025, primarily due to a decrease in product sales to customers and also due to the decrease in royalty revenue.

Cost of Revenue, Net and Gross Profit:

Gross profit in fiscal year ended 2025 was approximately $0.5 million, compared to approximately $2.6 million for fiscal year ended 2024. Total cost of revenue, net was zero for the fiscal year ended 2025, compared to approximately $4.3 million for fiscal year ended 2024. The decrease in gross profit is due to the reduction of product sales to customers during the fiscal year ended 2025.

Operating Expenses:

Total operating expenses were approximately $17.1 million for fiscal year ended 2025, compared to approximately $8.3 million for fiscal year ended 2024. For the fiscal year ended 2025, operating expenses consisted primarily of professional fees of approximately $4.6 million, gain on termination of operating lease of $0.06 million , salaries and wages of $0.6 million, loss on impairment of intangible assets of $9.9 million, and all other general and administrative expenses of approximately $2.0 million. For the fiscal year ended 2024, operating expenses consisted primarily of advertising and promotion fees of approximately $0.7 million, stock option compensation expense of approximately $0.1 million, professional fees of approximately $2.9 million, salaries and wages of $1.8 million, and all other general and administrative expenses of approximately $2.8 million.

Income Taxes:
We have Federal net operating loss ("NOL") carryforwards of approximately $34.2 million and state NOL carryforwards of approximately $0.4 million. With the changes instituted by the CAREES Act, the Federal NOLs have an indefinite life and will not expire. Our federal and state tax returns for the 2023 and 2024 tax years generally remain subject to examination by U.S. and various state authorities. A valuation allowance is recorded to reduce the deferred tax asset if, based on the weight of the evidence, it is more likely than not that some portion or all the deferred tax assets will not be realized. Management determined that a valuation allowance of approximately $10.1 million for the year ended on October 31, 2025, was necessary to reduce the deferred tax asset to the amount that will more likely than not be realized.

Please refer to Note 9, Income Tax, in the Notes to the Consolidated Financial Statements in this Report for additional information related to our income taxes.

Net Loss:

Net loss for fiscal year ended 2025 was approximately $(16.7) million, or $(1.51) basic and diluted net loss per share, compared to a net loss of approximately $(6.7) million, or $(1.62) basic and diluted net loss per share, for fiscal year 2024. The increase in net loss for the fiscal year 2025, as compared to net loss in fiscal year 2024, is attributable to the revenues and expenses factors noted above. Weighted-average Common Stock outstanding were 11,032,569 on October 31, 2025, as compared to 4,313,900 on October 31, 2024. The increase in the weighted-average shares in fiscal year 2025 was primarily attributable to the issuance of 3,076,100 shares of Common Stock.

Concentrations:

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of accounts payable, accounts receivable, and revenue.

Concentration of Purchases and Accounts Payable- Related Party:

For the year ended October 31, 2025, the Company had no inventory on hand. As of October 31, 2024, 100% of the inventories of products, consisting solely of the BIDI® Stick, were purchased from Bidi, a related party, in the amount of $0.3 million.

As of October 31, 2025, we had no related party receivable balance. As of October 31, 2025, there was $50,000 of related party accounts payable.

As of October 31, 2024, there was $131,683 of related party accounts payable.

Concentration of Revenues and Accounts Receivable:

No revenue concentration from the sale of Products existed for the fiscal year ended 2025.

For the fiscal year 2024, (i) approximately 21% of the revenue from the sale of Products, solely consisting of the BIDI® Stick, was generated from QuikTrip Corporation in the amount of approximately $1.2 million, (ii) approximately 12% from GPM Investments in the amount of $0.7 million, and (iii) approximately 11% from FAVS Business, LLC in the amount of $0.7 million.

No accounts receivable concentration from the sale of Products existed as of October 31, 2025.

QuikTrip Corporation with an outstanding balance of approximately $205 accounted for 100% of the total accounts receivable from customers, as of October 31, 2024.

Cash and cash equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of October 31, 2025, or October 31, 2024. Cash as of October 31, 2025, and October 31, 2024, were approximately $0.5 million and $3.9 million, respectively.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, ("GAAP"). The preparation of the consolidated financial statements in conformity with GAAP requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure or inclusion of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to allowance for doubtful accounts, and income tax provisions. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

We believe that the assumptions associated with our revenue recognition have the greatest potential impact on our financial statements. Therefore, we consider this to be our only critical accounting policy and we do not consider any of our estimates to be critical accounting estimates.

However, we consider Revenue Recognition the most critical accounting policy for the Company that could create a material misevaluation of Product Revenue if not adhered to and implemented successfully. Under ASC 606, *Revenue from Contracts with Customers* (Topic 606) ("ASC 606"), we recognize revenue when a customer obtains control of promised goods, in an amount that reflects the consideration that we expect to receive in exchange for the goods. To determine revenue recognition for arrangements within the scope of ASC 606, we perform the following five steps: (1) identify the contracts with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the entity satisfies a performance obligation. We only apply the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods it transfers to the customer.

Revenue Recognition Policy

Products Revenue

We generate product revenue from the sale of our products to non-retail customers. We recognize revenue at a point in time based on management's evaluation of when performance obligations under the terms of a contract with the customer are satisfied and control of the products has been transferred to the customer. In most situations, transfer of control is considered complete when the products have been shipped to the customer. However, when we enter a consignment agreement with a new customer, once we ship and deliver the requested amount of the products the customer ordered to its distribution center for its retail sales location, we retain ownership of the delivered products until they are delivered to their retail stores. When the products are sold in the stores and the funds, as stated in the consignment agreement, are remitted to us, then we record the revenues in our financial records. We determined that a customer obtains control of the product upon shipment when title of such product and risk of loss transfer to the customer. Our shipping and handling costs are fulfillment costs, and such amounts are classified as part of cost of sales. The advance payment is not considered a significant financing component because the period between when we transfer a promised good to a customer and when the customer pays for that good is short. We offer credit sales arrangements to non-retail (or wholesale) customers and monitor the collectability of each credit sale routinely.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We qualify as a smaller reporting company, as defined by Item 10 of Regulation S-K and, thus, are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data.

KAIVAL BRANDS INNOVATIONS GROUP, INC.
CONSOLIDATED FINANCIAL STATEMENTS
INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Kaival Brands Innovations Group, Inc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Kaival Brands Innovations Group, Inc and its subsidiaries (collectively, the "Company") as of October 31, 2025 and 2024, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses and negative cash flows from operations which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2018.
Houston, Texas
January 28, 2026

Kaival Brands Innovations Group, Inc.
Consolidated Balance Sheets

	October 31, 2025	October 31, 2024
ASSETS		
CURRENT ASSETS		
Cash	$ 534,406	$ 3,902,300
Accounts receivable, net	120,000	263,571
Prepaid expenses	14,850	344,312
Total current assets	669,256	4,510,183
Fixed assets, net	—	2,146
Intangible assets, net	—	10,681,911
Right of use asset - operating lease	—	810,036
TOTAL ASSETS	$ 669,256	$ 16,004,276
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 349,289	$ 57,496
Accounts payable - related party	50,000	131,683
Loans payable, net	—	207,616
Accrued expenses	170,000	925,601
Operating lease obligation - short term	—	203,937
Total current liabilities	569,289	1,526,333
LONG TERM LIABILITIES		
Operating lease obligation, net of current portion	—	662,271
TOTAL LIABILITIES	569,289	2,188,604
Commitments and Contingencies (Note 10)		
STOCKHOLDERS' EQUITY		
Preferred stock; 5,000,000 shares authorized		
Series A Convertible Preferred stock ($0.001 par value, 3,000,000 shares authorized, none issued and outstanding as of October 31, 2025 and October 31, 2024)	—	—
Series B Convertible Preferred stock ($0.001 par value, 900,000 shares authorized, 900,000 issued and outstanding as of October 31, 2025 and October 31, 2024)	900	900
Common stock ($.001 par value, 1,000,000,000 shares authorized, 11,593,402 and 8,517,302 shares issued and outstanding as of October 31, 2025 and October 31, 2024, respectively)	11,593	8,517
Additional paid-in capital	54,180,589	51,269,485
Accumulated deficit	(54,093,115)	(37,463,230)
TOTAL STOCKHOLDERS' EQUITY	99,967	13,815,672
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 669,256	$ 16,004,276

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

Kaival Brands Innovations Group, Inc.
Consolidated Statements of Operations

	For the Years Ended October 31,	
	2025	**2024**
Revenues		
Revenues, net	$ 46,755	$ 5,882,597
Revenues - related party	—	5,950
Royalty revenue	437,906	1,040,759
Excise tax on products	—	(42,641)
Total revenues, net	484,661	6,886,665
Cost of revenue		
Cost of revenue - related party	—	4,281,171
Total cost of revenue	—	4,281,171
Gross profit	484,661	2,605,494
Operating expenses		
Advertising and promotion	—	686,292
General and administrative expenses	7,286,991	7,628,050
Gain on termination of operating lease	(59,823)	—
Loss on disposal of furniture and equipment	1,798	—
Loss on impairment of intangible assets	9,895,503	—
Total operating expenses	17,124,469	8,314,342
Other expense		
Loss on extinguishment of debt	—	(98,432)
Loss on settlement of payables	—	(142,786)
Interest expense, net	(9,019)	(729,558)
Total other expense	(9,019)	(970,776)
Loss before income taxes provision	(16,648,827)	(6,679,624)
Benefit from (provision for) income taxes	18,942	(19,658)
Net loss	$ (16,629,885)	$ (6,699,282)
Preferred stock dividend	(22,500)	(270,000)
Net loss attributable to common shareholders	$ (16,652,385)	$ (6,969,282)
Net loss per common share - basic and diluted	$ (1.51)	$ (1.62)
Weighted average number of common shares outstanding - basic and diluted	11,032,569	4,313,900

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

Kaival Brands Innovations Group, Inc.
Consolidated Statements of Changes in Stockholders' Equity
For the years ended October 31, 2025, and 2024

	Convertible Preferred Shares (Series B)	Par Value Convertible Preferred Shares (Series B)	Common Shares	Par Value Common Shares	Additional Paid-in Capital	Accumulated Deficit	Total
Balances, October 31, 2023	900,000	$ 900	2,793,386	$ 2,793	$44,317,266	$(30,763,948)	$ 13,557,011
Rounding shares issued for reverse split	—	—	52,949	53	(53)	—	—
Common shares issued for services	—	—	16,667	17	61,983	—	62,000
Issuance of common shares, warrants, and pre-funded warrants, net of issuance costs	—	—	1,746,500	1,747	5,250,980	—	5,252,727
Exercises of pre-funded warrants	—	—	2,174,456	2,174	(724)	—	1,450
Exercises of warrants	—	—	333,200	333	385,413	—	385,746
Common shares issued to settle related party accounts payable	—	—	1,400,144	1,400	1,416,386	—	1,417,786
Preferred stock dividend	—	—	—	—	(270,000)	—	(270,000)
Stock option expense, net of forfeitures	—	—	—	—	108,234	—	108,234
Net loss	—	—	—	—	—	(6,699,282)	(6,699,282)
Balances, October 31, 2024	900,000	$ 900	8,517,302	$ 8,517	$51,269,485	$(37,463,230)	$ 13,815,672
Common shares issued for services	—	—	3,025,000	3,025	2,870,725	—	2,873,750
Preferred stock dividend	—	—	—	—	(22,500)	—	(22,500)
Issuance of common shares	—	—	51,100	51	24,242	—	24,293
Stock option expense	—	—	—	—	38,637	—	38,637
Net loss	—	—	—	—	—	(16,629,885)	(16,629,885)
Balances, October 31, 2025	900,000	$ 900	11,593,402	$ 11,593	$54,180,589	$(54,093,115)	$ 99,967

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

Kaival Brands Innovations Group, Inc.
Consolidated Statements of Cash Flows

	For the Year Ended October 31, 2025	For the Year Ended October 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (16,629,885)	$ (6,699,282)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	2,873,750	62,000
Stock options expense	38,637	108,234
Depreciation and amortization	786,756	787,094
Make-whole provision	39,283	—
Amortization of debt discount	6,781	214,095
Loss on extinguishment of debt	—	98,432
Gain on termination of operating lease	(59,823)	—
Loss on disposal of furniture and equipment	1,798	—
Loss on impairment on intangible assets	9,895,503	—
Bad debt expense	—	27,995
ROU operating lease expense	102,410	198,392
Write-off of inventory	—	61,927
Loss on settlement of payables	—	142,786
Changes in current assets and liabilities:		
Accounts receivable	143,571	1,577,710
Prepaid expenses	329,462	561,837
Inventory	—	4,009,897
Accounts payable	252,509	(316,836)
Accounts payable - related party	(81,683)	(1,068,134)
Accrued expenses	(373,101)	138,194
Customer refunds due	—	(392,406)
Operating lease obligations	(98,758)	(184,567)
Net cash used in operating activities	(2,772,790)	(672,632)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	—	1,106,731
Payments on loans payable	(214,397)	(2,486,594)
Payments on loans payable - related party	—	(218,787)
Proceeds from the issuance of common stock, warrants, and pre-funded warrants	24,293	5,997,720
Payments for issuance costs	—	(744,993)
Proceeds from exercises of pre-funded warrants	—	1,450
Proceeds from exercises of warrants	—	385,746
Payments on preferred dividends	(405,000)	—
Net cash (used in) provided by financing activities	(595,104)	4,041,273
Net change in cash	(3,367,894)	3,368,641
Beginning cash balance	3,902,300	533,659
Ending cash balance	$ 534,406	$ 3,902,300
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 9,019	$ 562,402
Income taxes paid	$ —	$ —
NON-CASH TRANSACTIONS		
Preferred stock dividend	$ 22,500	$ 270,000
Cashless exercise of pre-funded warrants	$ —	$ 724
Insurance financed by third party	$ —	$ 475,481
Franchise fees paid by related party	$ —	$ 218,787
Common shares issued to settle related party accounts payable	$ —	$ 1,417,786

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

Note 1 – Organization and Description of Business

Kaival Brands Innovations Group, Inc. (the "Company," the "Registrant," "we," "us," or "our"), formerly known as Quick Start Holdings, Inc., was incorporated on September 4, 2018, in the State of Delaware.

Description of Business

On March 9, 2020, the Company entered into an exclusive distribution agreement (the "Distribution Agreement") of certain electronic nicotine delivery systems ("ENDS") and related components (the "Products") with Bidi Vapor, LLC, a Florida limited liability company ("Bidi"). The Distribution Agreement was amended and restated on May 21, 2020, again on April 20, 2021, again on June 10, 2022, and again on November 17, 2022 (collectively the "A&R Distribution Agreement"), in order to clarify some of the provisions and memorialize the Company's current business relationship with Bidi. Pursuant to the A&R Distribution Agreement, Bidi granted the Company an exclusive worldwide right to distribute the Products for sale and resale to non-retail level customers. The Products consist primarily of the "Bidi Stick."

On August 31, 2020, the Company formed Kaival Labs, Inc., a Delaware corporation (herein referred to as "Kaival Labs"), as a wholly owned subsidiary of the Company, for the purpose of developing Company-branded and white-label products and services. The Company has not yet launched any Kaival-branded product, nor has it begun to provide white label wholesale solutions for other product manufacturers. On March 11, 2022, the Company formed Kaival Brands International, LLC, a Delaware limited liability company (herein referred to as "KBI"), as a wholly owned subsidiary of the Company, for the purpose of entering into an international licensing agreement with Philip Morris Products S.A. ("PMPSA"), a wholly owned affiliate of Philip Morris International Inc. ("PMI").

On June 13, 2022, the Company's wholly owned subsidiary, KBI, entered into the PMI License Agreement with PMPSA, a wholly owned affiliate of PMI, for the development and distribution of ENDS products in certain markets outside of the United States, subject to market (or regulatory) assessment. The PMI License Agreement grants to PMPSA a license of certain intellectual property rights relating to Bidi's ENDS device, known as the BIDI® Stick in the United States, as well as potentially newly developed devices, to permit PMPSA to manufacture, promote, sell, and distribute such ENDS device and newly developed devices, in international markets, outside of the United States.

Product Offerings

Pursuant to the A&R Distribution Agreement, the Company sells and resells electronic nicotine delivery systems, which it may refer to herein as "ENDS Products", or "e-cigarettes", to non-retail level customers. The sole Product the Company resells is the "BIDI® Stick," a disposable, tamper-resistant ENDS product that comes in a variety of flavor options for adult cigarette smokers. The Company does not manufacture any of the Products it resells. The BIDI® Stick is manufactured by Bidi, who uses a contract manufacturer in China. Pursuant to the terms of the A&R Distribution Agreement, Bidi provides the Company with all branding, logos, and marketing materials to be utilized by the Company in connection with its marketing and promotion of the Products. Currently, the Company no longer sells BIDI® Sticks.

International Trade Commission (ITC) claims against the Company

On June 11, 2024, the RJ Reynolds Entities filed the ITC Complaint. The ITC Complaint requests the ITC grant: (a) temporary and permanent limited exclusion orders pursuant to Section 337(e) of the Tariff Act of 1930, as amended, which would prohibit the importation of the Bidi Stick in the United States; and (b) issue temporary and permanent cease and desist orders pursuant to 337(f) of the Tariff Act of 1930, as amended, which would prohibit the sale and distribution of the Bidi Stick in the United States. No damages are recoverable in the proceedings before the ITC. If the Company or Bidi is prohibited from importing the Bidi Stick, then the Company's business, operations, financial results, and reputation would be significantly adversely impacted.

As a result of the ITC Complaint and other factors, the Company does not expect any revenue from the sale of Bidi Sticks in the foreseeable future. The Company's primary source of revenue is from KBI from royalties from PMI under the PMI License Agreement.

Impact of the FDA PMTA Decision and Subsequent Court Actions

In September 2021, in connection with the Bidi's Premarket Tobacco Product Application ("PMTA") process, the U.S. Food and Drug Administration's ("FDA") effectively "banned" flavored ENDS by denying nearly all then-pending PMTAs for such products. Following the issuance of Marketing Denial Orders ("MDO"), manufacturers are required to stop selling non-tobacco flavored ENDS products.

Bidi, along with nearly every other company in the ENDS industry, received a MDO for its non-tobacco flavored ENDS products. With respect to Bidi, the MDO covered all non-tobacco flavored BIDI® Sticks, including its Arctic (menthol) BIDI® Stick. As a result, beginning in September 2021, Bidi pursued multiple avenues to challenge the MDO. First, on September 21, 2021, separate from the judicial appeal of the MDO in its entirety, Bidi filed a 21 C.F.R. § 10.75 internal FDA supervisory review request specifically of the decision to include the Arctic (menthol) BIDI® Stick in the MDO. In May 2022, the FDA issued a determination that it views the Arctic BIDI® Stick as a non-tobacco flavored ENDS product, and not strictly a menthol flavored product.

On September 29, 2021, Bidi petitioned the U.S. Court of Appeals for the Eleventh Circuit (the "11th Circuit") to review the FDA's denial of the comprehensive PMTAs for its non-tobacco flavored BIDI® Stick ENDS, arguing that it was arbitrary and capricious under the Administrative Procedure Act ("APA"), as well as ultra vires, for the FDA not to conduct any scientific review of Bidi's comprehensive applications, as required by the Tobacco Control Act ("TCA"), to determine whether the BIDI® Sticks are "appropriate for the protection of the public health". Bidi further argued that the FDA violated due process and the APA by failing to provide fair notice of the FDA's new requirement for ENDS companies to conduct long-term comparative smoking cessation studies for their flavored products, and that the FDA should have gone through the notice and comment rulemaking process for this requirement.

On October 14, 2021, Bidi requested that the FDA re-review the MDO and reconsider its position that Bidi did not include certain scientific data in its applications sufficient to allow the PMTAs to proceed to scientific review. In light of this request, on October 22, 2021, pursuant to 21 C.F.R. § 10.35(a), the FDA issued an administrative stay of Bidi's MDO pending its re-review, permitting the Company to continue sales. Subsequently, the FDA decided not to rescind the MDO and lifted its administrative stay on December 17, 2021. Following the lifting of the FDA's administrative stay, Bidi filed a renewed motion to stay the MDO with the 11th Circuit. On February 1, 2022, the appellate court granted Bidi's motion to stay (i.e., put on hold) the MDO, again allowing the Company to continue sales pending the litigation on the merits.

On August 23, 2022, the U.S. Court of Appeals for the Eleventh Circuit set aside the MDO issued to the non-tobacco flavored BIDI® Sticks and remanded Bidi's back to the FDA for further review. Specifically, the Court held that the MDO was "arbitrary and capricious" in violation of the Administrative Procedure Act ("APA") because FDA failed to consider the relevant evidence before it, specifically Bidi's aggressive and comprehensive marketing and sales-access-restrictions plans designed to prevent youth appeal and access.

The FDA did not appeal to the 11th Circuit's decision. The FDA had until October 7, 2022 (45 days from the August 23, 2022, decision) to either request a panel rehearing or a rehearing "en banc" (a review by the entire 11th Circuit, not just the 3-judge panel that issued the decision), and until November 21, 2022 (90 days after the decision) to seek review of the decision by the U.S. Supreme Court. No request for a rehearing was filed, and no petition for a writ of certiorari was made to the Supreme Court. On July 29, 2024, Bidi received a Recission of Marketing Denial letter from FDA formally rescinding the MDO for the non-tobacco flavored BIDI® Stick PMTAs and putting those applications back into the review process. On November 4, 2025, FDA issued a MDO for the PMTA for the non-tobacco flavored Bidi Sticks. FDA's basis for this MDO is that Bidi Vapor's PMTAs for non-tobacco flavored BIDI Stick did not include sufficient, robust evidence showing that marketing the flavored products would be "appropriate for the protection of the public health" (APPH)—i.e., that adult-smoker benefits (complete switching or significant cigarette reduction) would be large enough to outweigh the well-established youth-appeal and youth-initiation risks of flavored ENDS. In particular, FDA said the submission lacked the kind of comparative evidence (e.g., RCT/longitudinal cohort comparing flavored vs tobacco-flavored ENDS) needed to demonstrate an added adult benefit. FDA therefore concluded the applications were insufficient and stopped further scientific review of other sections. Accordingly, at this time, the non-tobacco flavored BIDI® Stick is considered an adulterated tobacco product, the continued marketing and distribution of which is prohibited.

Separately, on or about May 13, 2022, the FDA placed the tobacco-flavored Classic BIDI® Stick into the final Phase III scientific review. In March 2023, FDA issued a deficiency letter regarding the Classic BIDI® Stick PMTA, to which Bidi submitted in June 2023. Subsequently, on January 22, 2024, FDA issued a MDO for the Classic BIDI® Stick. On January 26, 2024, Bidi filed a petition for review of the MDO with the 11th Circuit Court of Appeals, followed by a motion to stay the MDO. Bidi is arguing, among other things, that the MDO was arbitrary and capricious in violation of the Administrative Procedure Act. On February 2, 2024, Bidi filed a Time Sensitive Motion for a Stay Pending Review, which the court denied on February 18, 2024. Briefing on the merits proceeded, with Bidi filing the opening merits brief on April 15, 2024. FDA filed its response brief on June 7, 2024, and Bidi filed its reply brief on July 29, 2024. Oral arguments were held before a three-judge panel on the 11th Circuit on April 2, 2025. The Court issued a decision on April 24, 2025, upholding FDA's denial order. Accordingly, at this time, the Classic BIDI® Stick is considered an adulterated tobacco product, the continued marketing and distribution of which is prohibited.

Risks and Uncertainties

The FDA has indicated that it is prioritizing enforcement of unauthorized ENDS against companies (1) that never submitted PMTAs, (2) whose PMTAs have been refused acceptance or filing by the FDA, (3) whose PMTAs remain subject to MDOs, and (4) that are continuing to market unauthorized synthetic nicotine products after the July 13, 2022, cutoff. Due to the MDOs Bidi is no longer marketing the Classic BIDI® Stick or the non-tobacco flavored BIDI® Sticks.

Merger and Share Exchange Agreement

On September 23, 2024, the Company agreed with Delta Corp Holdings Limited, a company incorporated in England and Wales ("Delta") to effect a business combination between the Company and Delta by entering into a Merger and Share Exchange Agreement (the "Merger Agreement") among the Company, Delta, Delta Corp Holdings Limited, a Cayman Islands exempted company ("Pubco"), KAVL Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Pubco ("Merger Sub"), and the shareholders of Delta.

On September 11, 2025, the Company and Delta entered into a Business Combination Termination and Release Agreement (the "Termination Agreement") pursuant to Section 10.1(a) of the Merger Agreement (the "Merger Agreement') among the Company, Delta, Pubco, KAVL Merger Sub Inc. and Delta Corp Cayman Limited.

Pursuant to the Termination Agreement, the Company and Delta mutually terminated the Merger Agreement and all agreements between the parties that are ancillary thereto and Delta waived any and all claims against the other party that in any way directly and/or indirectly arise out of, are based upon, or are in connection with the Merger Agreement and any agreements ancillary thereto.

Note 2 – Basis of Presentation and Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company's wholly-owned subsidiaries, Kaival Labs and KBI. Intercompany transactions are eliminated.

Basis of Presentation

This summary of significant accounting policies is presented to assist in understanding the Company's consolidated financial statements. These accounting policies conform to accounting principles, generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with 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. In the opinion of management, all adjustments necessary in order to make the financial statements not misleading have been included. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of October 31, 2025, and October 31, 2024.

The Federal Deposit Insurance Corporation ("FDIC") insures deposits according to the ownership category in which the funds are insured and how the accounts are titled. The standard deposit insurance coverage limit is $250,000 per depositor, per FDIC-insured bank, per ownership category. The Company had uninsured cash of $284,406 and $3,652,300 as of October 31, 2025, and October 31, 2024, respectively.

Advertising and Promotion

All advertising, promotion and marketing expenses, including commissions, are expensed when incurred.

Accounts Receivable and Reserve for Credit Losses

Accounts receivable pertains to contracts with customers who are granted credit by the Company in the ordinary course of business and are recorded at the invoiced amount. Accounts receivable does not bear interest. Accounts receivable presented on the consolidated balance sheets are adjusted for any write-offs and net of allowance for credit losses. The Company's reserve for credit losses is developed by using relevant available information including historical collection and loss experience, current economic conditions, prevailing economic conditions, supportable forecasted economic conditions and evaluations of customer balances. Once a receivable is deemed uncollectible after collection efforts have been exhausted, it is written off against the reserve for credit losses. The Company closely monitors the credit quality of its customers and does not generally require collateral or other security on receivables. The reserve for credit losses is measured on a collective basis when similar risk characteristics exist.

Based upon management's assessment of the accounts receivable aging and the customers' payment history, the Company has determined that no reserve for credit losses is required as of October 31, 2025 and October 31, 2024.

On January 22, 2024, the FDA issued an MDO on Bidi Vapor's "Classic" BIDI ® Stick PMTA, which was subsequently upheld by the 11th Circuit Court of Appeals. The Company evaluated the impact of this MDO to the financial statements and recorded an estimated accrual for potential customer returns of the "Classic" products of zero and $46,775 as of October 31, 2025, and October 31, 2024, respectively, which is included in accrued expenses in the consolidated balance sheets.

On November 4, 2025, FDA issued a MDO for the PMTA for the non-tobacco flavored Bidi Sticks.

Credit Risk

Financial instruments, which are potentially subject to concentrations of credit risk, consist primarily of purchases of inventories, accounts payable, accounts receivable, and revenue. The Company performs periodic credit evaluations of its customers and generally does not require collateral on trade receivables. Historically, the Company has not experienced significant credit losses.

Inventories

All product inventory is purchased from a related party, Bidi. Inventories are stated at the lower of cost and net realizable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The Company determines cost based on the first-in, first-out ("FIFO") method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. During fiscal year 2025 and 2024, the Company recognized inventory write offs of zero and $61,927, respectively, related to short-coded Bidi sticks that were no longer saleable.

On January 22, 2024, the FDA issued an MDO on Bidi Vapor's tobacco-flavored "Classic" BIDI ® Stick PMTA. The appeal of that denial order before the 11th Circuit Court of Appeals was unsuccessful. The Company evaluated the impact of this MDO to the financial statements and recognized a full reserve for all remaining "Classic" products on hand amounting to $313,654 as of October 31, 2024. The Company has zero inventory as of October 31, 2025.

Leases

The Company determines if a contract contains a lease at commencement of the arrangement based on whether it has the right to obtain substantially all of the economic benefits from the use of an identified asset and whether it has the right to direct the use of an identified asset in exchange for consideration, which relates to an asset which the Company does not own. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company recognizes lease liabilities at the present value of the future lease payments and a corresponding ROU asset at the lease commencement date. The interest rate used to determine the present value of the future lease payments is the rate implicit in the lease unless that rate cannot be readily determined. When the interest rate implicit in the lease is not readily determinable, the interest rate used to determine the present value of the future lease payments is the Company's Incremental Borrowing Rate ("IBR"). The IBR is a hypothetical rate based on the Company's understanding of what its credit rating would be to borrow and resulting interest the Company would pay to borrow an amount equal to the lease payments in a similar economic environment over the lease term on a collateralized basis. Periods covered by the Company's option to extend or terminate the lease are included in the lease term when it is reasonably certain that the Company will exercise its option to extend or not exercise its option to terminate, as applicable.

Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the Company's lease liability calculation. Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligations for those payments are incurred. The Company records rent expense for its operating lease, which has escalating rent payments, on a straight-line basis over the lease term. The Company does not have any financing leases.

The Company made a policy election not to separate non-lease components from lease components for all its leases; therefore, it accounts for lease and non-lease components as a single lease component. The Company also elected the short-term lease recognition exemption for all leases that qualify, such that leases with a term of 12 months or less are not recognized on the balance sheet.

During the fiscal year ended October 31, 2025, the Company determined that it would no longer be using the leased office space in its business operations and the lease liability was written off and recognized a net gain on termination of operating lease of $59,823.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, which include definite-lived intangibles, long-lived fixed assets and lease right-of-use assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Factors that could trigger an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business or significant negative industry or economic trends. If this evaluation indicates that the value of the long-lived asset may be impaired, the Company makes an assessment of the recoverability of the net carrying value of the asset over its remaining useful life. If this assessment indicates that the long-lived asset is not recoverable, based on the estimated undiscounted future cash flows of the technology over the remaining useful life, the Company reduces the net carrying value of the related asset to fair value and may adjust the remaining useful life. An impairment analysis is subjective and assumptions regarding future growth rates and operating expense levels can have a significant impact on the expected future cash flows and impairment analysis.

The Company evaluated its intangible assets for impairment and recognized an impairment loss of $9,895,503 for the year ended October 31, 2025. No impairment loss of long-lived assets was identified for the year ended October 31, 2024.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, "Revenue from Contracts with Customers" ("ASC 606"). The Company recognizes revenue when a customer obtains control of promised goods, in an amount that reflects the consideration that the Company expects to receive in exchange for the goods. To determine revenue recognition for arrangements within the scope of ASC 606, the Company performs the following five steps: (1) identify the contracts with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods it transfers to the customer. Under ASC 606, disaggregated revenue from contracts with customers depicts the nature, amount, timing, and uncertainty of revenue and cash flows affected by economic factors.

Products Revenue

The Company generates products revenue from the sale of the Products (as defined above) to non-retail customers. The Company recognizes revenue at a point in time based on management's evaluation of when performance obligations under the terms of a contract with the customer are satisfied and control of the Products has been transferred to the customer. In most situations, transfer of control is considered complete when the products have been shipped to the customer. The Company determined that a customer obtains control of the Product upon shipment when title of such product and risk of loss transfer to the customer. However, when the Company enters a consignment agreement with a new customer, once it ships and delivers the requested amount of ordered Products to its distribution center for its retail sales locations, the Company retains ownership of the delivered Products until they are delivered to the actual retail stores (as opposed to the Company's consignment customer). The Company's shipping and handling costs are fulfillment costs, and such amounts are classified as part of cost of sales. The Company offers credit sales arrangements to non-retail (or wholesale) customers and monitors the collectability of each credit sale routinely.

Revenue is measured by the transaction price, which is defined as the amount of consideration expected to be received in exchange for providing goods to customers. The transaction price is adjusted for estimates of known or expected variable consideration, which includes refunds and returns as well as incentive offers and promotional discounts on current orders. Estimates for sales returns are based on, among other things, an assessment of historical trends, information from customers, and anticipated returns related to current sales activity. These estimates are established in the period of sale and reduce revenue in the period of the sale. Variable consideration related to incentive offers and promotional programs are recorded as a reduction to revenue based on amounts the Company expects to collect. Estimates are regularly updated, and the impact of any adjustments are recognized in the period the adjustments are identified. In many cases, key sales terms such as pricing and quantities ordered are established at the time an order is placed and incentives have very short-term durations.

Amounts billed and due from customers are short term in nature and are classified as receivable since payments are unconditional and only the passage of time related to credit terms is required before payments are due. The Company does not grant payment financing terms greater than one year. Payments received in advance of revenue recognition are recorded as deferred revenue, as noted above.

Royalty Revenue

On June 13, 2022, KBI entered into the PMI License Agreement with PMPSA, effective as of May 13, 2022 (the "PMI Commencement Date"). Pursuant to the PMI License Agreement, KBI granted PMPSA an exclusive irrevocable license to use its technology, documentation, and intellectual property to make, distribute, and sell disposable nicotine e-cigarettes Products based on the intellectual property in certain international markets set forth in the PMI License Agreement (the "PMI Markets"). The Company has the exclusive international distribution rights to the Products and,

in order to allow KBI to fulfill its obligations set forth in the PMI License Agreement, has contributed the international distribution rights for the PMI Markets to KBI as set forth in a Capital Contribution Agreement, dated June 10, 2022. The sublicense granted to PMPSA is exclusive in the PMI Markets and neither KBI nor any of its affiliates can sell, promote, use, or distribute any competing products in the PMI Markets for the duration of the term of the PMI License Agreement and any Sell-Out Period (as defined in the PMI License Agreement). PMSPA will be responsible for any regulatory filings necessary to sell the Products in the PMI Markets. Both KBI and PMPSA agree to work together in the registration and maintenance of the Intellectual Property, but KBI will bear all cost and expense to implement the registration strategy. Finally, PMPSA has agreed to potential future development services with KBI in the PMI Markets and has been granted certain rights with respect to potential future products.

The initial term of the PMI License Agreement is five (5) years and automatically renews for an additional five-year period unless PMPSA has failed to meet the agreed upon minimum key performance indicators set forth in the PMI License Agreement, in which case the PMI License Agreement will automatically terminate at the end of the initial license term.

In consideration for the grant of the licensed rights, PMPSA agreed to pay to KBI a royalty equal to a percentage of the base price of the first sale of each unit of Product manufactured. In addition, before the launch of the first product in a market and each anniversary of such launch, PMPSA agrees to pre-pay to KBI a guaranteed minimum royalty based on the estimated royalties payable by PMPSA to KBI in relation to all markets in the twelve (12)-month period following the first launch or each successive anniversary of the first launch, subject to an aggregate maximum guaranteed royalty payment for all markets for each applicable twelve (12)-month period. PMPSA may require modification of certain products to be sold under the PMI Licensing Agreement to be modified for a PMI Market. Pursuant to the PMI Licensing Agreement, PMPSA has absolute discretion over sales, marketing, product branding and packaging pertaining to sales in the PMI Markets, as well as the right to select the specific PMI Markets in which to launch commercialization and determine what product types are to be promoted in each market, subject to sales and marketing plans and annual business plans set by PMPSA and certain expansion criteria agreed between PMPSA and KBI. Royalty revenue earned from the PMI License Agreement is recognized in the period the sales of the Product manufactured occurs.

The PMI License Agreement contains customary representations, warranties, covenants, and indemnification provisions; however, KBI's liability under the PMI License Agreement is capped at the greater of: (i) Ten Million Dollars ($10,000,000); or (ii) an amount equal to the total of the royalties due to KBI (but not yet paid) plus the royalties (including the guaranteed royalty payment) paid to KBI pursuant to the PMI License Agreement during the immediately preceding twelve (12) consecutive months, provided that such amount shall not exceed Thirty Million Dollars ($30,000,000).

On June 10, 2022, Bidi entered into a License Agreement (the "KBI License Agreement") with KBI, pursuant to which KBI has the exclusive irrevocable license to use Bidi's licensed intellectual property to the extent necessary for KBI to fulfill its obligations set forth in the PMI Licensing Agreement. Such irrevocable license includes: (i) the right of KBI to grant sub-licenses to PMPSA under the PMI License Agreement for the express purposes set forth in the PMI License Agreement, but for no other purpose; (ii) the right of KBI to grant to PMPSA the right to grant sub-sub-licenses in the manner set forth in the PMI License Agreement, but for no other purpose; and (iii) certain branding rights to the extent (but only to the extent) necessary to permit KBI to perform its obligations to PMPSA as set forth in the PMI License Agreement.

On August 12, 2023, the Company executed and entered into a Deed of Amendment No. 1 (the "PMI License Amendment") with PMPSA, Bidi and KBI. Pursuant to the PMI License Amendment (which has an effective date of June 30, 2023), the following material changes have been made to the PMI License Agreement:

1. Royalty Rate. The royalty paid by PMPSA to KBI will no longer be based on sales price of the Product being sold, but rather on the volume of liquid contained within Product being sold. The royalty will be on a sliding scale of between $0.08 to $0.16 per sale based on the volume of liquid contained in the Product, increasing to between $0.10 to $0.20 per sale upon meeting certain sales milestones. For purposes of determining aggregate sales threshold, all sales undertaken since commencement of the PMI Licensing Agreement will be counted.

2. Elimination of Certain Potential Royalty Adjustments. Certain potential adjustments to the royalties receivable by KBI as provided for in the PMI License Agreement have been eliminated.

3. Guaranteed Royalty. The guaranteed royalty payment owed to KBI under the PMI License Agreement has been eliminated. Instead, royalties will be paid on a quarterly basis going-forward based on actual sales. Any unpaid guaranteed royalty has been cancelled.

4. Insurance Tail Requirements. KBI's requirement to keep certain tail insurance after the expiration or termination of the PMI Licensing Agreement was reduced from 6 years to 2 years.

5. Markets. The identification of the PMI Markets that PMI may enter has been expanded to cover certain additional territories.

6. Net Reconciliation Payment to KBI. As a result of the changes to the PMI License Agreement described in paragraphs 1 through 3 above, the value of such changes was calculated and reconciled as of the date of commencement of the PMI Licensing Agreement through June 30, 2023.

The KBI License Agreement provides that KBI shall pay Bidi license fees equivalent to 50% of the adjusted earned royalty payments, after any offsets due to jointly agreed costs such general and administrative costs incurred for insurance. During the year ended October 31, 2025, the Company paid license fees of approximately $266,215 to Bidi. As of October 31, 2025 and 2024, $50,000 and 131,683, respectively, of license fees are owed to Bidi.

As of October 31, 2025, amounts receivable from PMPSA in connection with the PMI license agreement pertaining to royalties totaled $120,000, of which $120,000 and $0 pertain to royalties and reimbursements of certain non-recurring engineering costs, respectively. As of October 31, 2024, amounts receivable from PMPSA in connection with the PMI license agreement pertaining to royalties totaled $263,367, of which $263,367 and $0 pertain to royalties and reimbursements of certain non-recurring engineering costs, respectively

Net Loss Per Share

Basic net loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period, without consideration of potential common stock equivalents.

Diluted net loss per share is calculated by dividing net loss available to common stockholders by the weighted average number of common stock outstanding plus common share equivalents from conversion of dilutive stock options and warrants using the treasury method and preferred stock using the if-converted method, except when antidilutive. In the event of a net loss, the effects of all potentially dilutive shares are excluded from the diluted net loss per share calculation as their inclusion would be antidilutive.

As of October 31, 2025, and 2024, there were 5,810,353 and 5,944,276, respectively, units of common stock equivalents that consists of options and warrants units, as well as 357,120 shares issuable upon preferred stock conversions, that were excluded from the current and prior period diluted loss per share calculation as their effect is anti-dilutive.

Concentration of Revenues and Accounts Receivable

No revenue concentration from the sale of Products existed for the year ended October 31, 2025.

For the year then ended October 31, 2024, (i) 21% or $1,236,491 of the revenue from the sale of Products, solely consisting of the BIDI® Stick, was generated from QuikTrip Corporation, (ii) 12% or $678,562 was generated from GPM Investments, LLC, and (iii) 11% or $655,583 was generated from FAVS Business, LLC. On May 2, 2024, QuikTrip Corporation terminated its consignment arrangement with the Company.

No accounts receivable concentration from the sale of Products existed as of October 31, 2025.

QuikTrip Corporation with an outstanding balance of $205 accounted for 100% of the total accounts receivable from customers as of October 31, 2024.

Share-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments (share-based payments, referred to herein as "SBP") based on the grant-date fair value of the award. That cost is recognized over the period during which a recipient is required to provide service in exchange for the SBP award—the requisite service period (vesting period). For SBP awards subject to performance conditions, compensation is not recognized until the performance condition is probable of occurrence. The grant-date fair value of share options is estimated using the Black-Scholes-Merton option-pricing model.

There were no options granted during the fiscal twelve-month period ended October 31, 2025. The fair value of each option granted during the fiscal year then ended October 31, 2024, was estimated on the date of grant using the Black-Scholes-Merton option-pricing model with the weighted average assumptions in the following table:

	As of October 31, 2024
Expected dividend yield	0%
Expected option term (years)	5.5 – 7
Expected volatility	214.72 - 225.52%
Risk-free interest rate	3.78 - 4.63%

The expected term of options granted represents the period of time that options granted are expected to be outstanding. The expected volatility was based on the volatility in the trading of the Company's common stock. The risk-free interest rate used is based on the published U.S. Department of Treasury interest rates in effect at the time of stock option grant for zero coupon U.S. Treasury notes with maturities approximating each grant's expected term. Forfeitures and cancellations are recorded as they occur.

Income Tax

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the recorded book basis and the tax basis of assets and liabilities for financial and income tax reporting. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future federal income taxes. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company's financial condition, results of operations, or cash flow.

The Company has Federal net operating loss ("NOL") carryforwards, consisting of total deferred tax assets, totaling approximately $34.2 million and state NOL carryforwards, consisting of total deferred tax liabilities, totaling approximately $0.4 million. With the changes instituted by the CARES Act, the Federal NOLs have an indefinite life and will not expire. The Company's federal and state tax returns for the 2022, 2023, and 2024 tax years generally remain subject to examination by U.S. and various state authorities. A valuation allowance is recorded to reduce the deferred tax asset if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. After consideration of all the evidence, both positive and negative, management has determined that a valuation allowance of $10.1 million for the year ended on October 31, 2025, and a valuation allowance of $8,703,742 for the year ended on October 31, 2024 were necessary to reduce the total net deferred tax asset to the amount that will more likely than not be realized pursuant to ASC 740 for those fiscal years.

Fair Value of Financial Instruments

The Company's balance sheet includes certain financial instruments. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 – Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of October 31, 2025 and 2024. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts receivable, accounts payable, accrued expenses and loans payable. As of October 31, 2025, and 2024, the Company did not have any financial assets or liabilities measured and recorded at fair value on a recurring basis.

Segment Reporting

In accordance with ASC 280, *Segment Reporting*, the Company has identified one reportable segment, which aligns with how the Chief Operating Decision Maker ("CODM"), consisting of the Company's Chief Executive Officer, assesses financial performance and allocates resources across the Company's operations. The measure of segment profit or loss is net loss as per the consolidated statements of operations and the measure of segment assets is total assets reported on the consolidated balance sheets.

Recently Adopted Accounting Pronouncement

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The purpose of the amendment is to enable investors to better understand an entity's overall performance and assess potential future cash flows. The Company adopted ASU 2023-07 in this Annual Report on Form 10-K and will adopt the interim disclosures in the first quarter of 2026. ASU 2023-07 was adopted retrospectively to all periods presented in the financial statements. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncement – Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires additional disclosures reconciling the rates of different categories of income tax (i.e. federal, state, foreign, etc.) and a disaggregation of taxes paid and refunded. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, and for interim periods in fiscal years beginning after December 15, 2025, although early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its income tax disclosures.

Note 3 – Going Concern

The accompanying consolidated financial statements of the Company are prepared in accordance with U.S. GAAP applicable to a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business within one year after the date the consolidated financial statements are issued. In accordance with FASB, ASU No. 2014-15, *Presentation of Financial Statements – Going Concern* (Subtopic 205-40), the Company's management evaluates whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements are issued.

The Company has incurred recurring losses and negative cash flows from operations for the years ended October 31, 2025 and 2024. The Company will need significant additional funds to satisfy its outstanding payables, fund its working capital, and fully implement its business plan. In addition, the Company's ability to continue as a going concern is adversely affected by the FDA's denial of Bidi's PMTA for its non-tobacco flavored Bidi® Stick as well as the Company's inability to continue to sell the Bidi Stick given the patent infringement claim filed by RJ Reynolds. Likewise, in April 2025 the 11th Circuit upheld FDA's MDO for the Classic BIDI® Stick. Subsequently, on November 4, 2025, FDA issued a MDO for the PMTA for the non-tobacco flavored Bidi Sticks. All of these factors raise substantial doubt regarding the Company's ability to continue as a going concern.

The Company plans to continue developing strategies for similar or expanded operations for the Company's business to help the Company's ability to determine where its business will be viable going forward. Until such time, if ever, the Company can generate substantial product revenues, management plans to finance its cash needs through public or private equity offerings or debt financing.

However, there is no assurance that the Company will be able to raise additional capital, generate revenues or achieve profitability due to the factors listed above as well as the regulation and public perception of ENDS products and the various other risks faced by the Company. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these or other risks or uncertainties.

Note 4 – Intangible Assets

The Company's intangible assets include patents and technology that were acquired pursuant to the GoFire Asset Purchase Agreement ("GoFire APA").

The cost and accumulated amortization and impairment of the intangible assets amounted to $11,795,975 and $11,795,975 as of October 31, 2025, respectively and $11,795,975 and $1,114,064 as of October 31, 2024, respectively. Amortizable patents and technology have a useful life of 15.0 years with a weighted average remaining useful life of 0 years and 13.7 years as of October 31, 2025 and October 31, 2024, respectively.

The Company recognized an amortization expense of $786,408 and $786,398 for the years then ended October 31, 2025 and 2024, respectively. Amortization expense is included under general and administrative expenses in the consolidated statements of operations.

As of October 31, 2025, as a result of the termination of the merger and share exchange agreement with Delta and the uncertainty in the Company's ability to monetize and generate future cash flows from the GoFire patents, the Company recognized an impairment loss on the intangible assets of $9,895,503.

Note 5 – Loans Payable

Insurance Loans

On May 10, 2024, the Company obtained two insurance loans. The first loan is a nine-month loan from First Insurance Bank to finance the annual D&O insurance, with the principal amount of $381,077 and subject to an effective interest rate of 7.45%. The second loan is a nine-month loan from IPFS Corporation to finance the annual D&O insurance, with the principal amount of $94,404 and subject to an effective interest rate of 11.15%. As of October 31, 2025 and October 31, 2024, the outstanding balance of the insurance loans amounted to zero and $207,616, respectively. For the year ended October 31,2025, the Company recorded $6,781 for total amortization for insurance loans.

Loan Agreements

On August 9, 2023, the Company entered into a Securities Purchase Agreement (the "SPA") with AJB Capital Investments, LLC ("AJB"), pursuant to which the Company sold a Promissory Note in the principal amount of $650,000 (the "Note") to AJB in a private transaction for a purchase price of $585,000 (giving effect to original issue discount of $65,000). The Note matured on February 8, 2024 (the "Maturity Date") and had interest at the rate of 10% per annum. Interest was payable on a monthly basis beginning on the date one month following the date of issuance of the Note. Pursuant to the terms of the SPA, the Company paid a commitment fee to AJB in the form of 19,048 shares of Common Stock (the "Commitment Fee Shares") with a relative fair value of $130,478 which was recognized as discount to the note. The debt discount and issuance costs were amortized over the term of the note. Amortization expense amounted to zero and $38,273 for the years ended October 31, 2025, and 2024, respectively.

Under the SPA, the Company had the right to repurchase half of the Commitment Fee Shares if the Note was repaid in full prior to maturity. On December 1, 2023, the Company fully paid the loan balance in advance of the maturity date. In connection with the repayment of the Note, the Company agreed that AJB would be permitted to retain all of the Commitment Fee Shares. The Company recognized $98,432 as loss on extinguishment of debt for the year ended October 31, 2024. As of October 31, 2025 and October 31, 2024, the carrying value of the Note was zero.

Note 6 – Leases

The Company does not have financing leases and only have one operating lease for office space and inventory storage space with Just Pick, LLC ("Just Pick"), a related party that was owned and controlled by Nirajkumar Patel, the former Chief Executive Officer and Director of the Company (see Note 8). Certain of the Company's leases, have and may in the future, include renewal options, which have been and might be in the future, included in the calculation of the lease liabilities and right of use assets when the Company is reasonably certain to exercise the option.

	October 31, 2025	October 31, 2024
Other Lease Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (102,410)	$ (198,392)

As of October 31, 2025, the Company had no lease liability.

As of October 31, 2025, the Company had no additional leases which had not yet commenced.

On April 23, 2025, the Company received a letter of demand from Just Pick, LLC, noting that the Company was in breach of the lease as base rent and operating expenses have not been paid since January 8, 2025. On April 30, 2025, the Company responded and provided Just Pick, LLC with a termination notice. As of April 30, 2025, the Company determined that it would no longer be using the leased office space in its business and recorded a loss on the ROU assets of $707,626, accordingly. In May 2025, the Company paid the total unpaid lease payments through May 2025 amounting to $78,217. On January 7, 2026, the Company executed a settlement agreement with Just Pick where both parties agreed to no further payments remaining for the office lease liability. The lease liability was written off as of October 31, 2025 and the Company recognized a net gain of approximately $59,000 from the termination of the lease.

Note 7 – Stockholders' Equity

Series B Convertible Preferred Stock

On May 30, 2023, the Company issued 900,000 shares of the Series B Preferred Stock as consideration for the acquisition of the GoFire Purchased Assets. The Series B Preferred Stock carries no voting rights except: (i) with respect to the ability of the holders of a majority of the then outstanding Series B Preferred Stock (the "Majority Holders"), to nominate a director to the Company's board of directors, and (ii) that the vote of the Majority Holders is necessary for effecting any amendment to the Company's Certificate of Incorporation or Certificate of Designation that affects the Series B Preferred Stock. The Series B Preferred Stock is redeemable at the option of the Company at a redemption price of $15 per share, subject to potential downward adjustments based on the trading price of the Common Stock. Subject to additional limitations in the GoFire APA, the Series B Preferred Stock holds seniority over the Common Stock and each other class of series of securities now existing or hereafter authorized with respect to dividend rights, the distribution of assets upon liquidation, and dissolution and redemption rights. Upon a liquidation and winding up of the Company, the holders of Series B Preferred Stock are entitled to a liquidation preference of $15 per share (the "Liquidation Preference"), though the redemption may be adjusted downward based on the trading price of the Common Stock at the time of liquidation. The holders of Series B Preferred Stock are entitled to receive a dividend equal to 2% of the Liquidation Preference, accruing from the Closing Date and payable on the eighteen-month anniversary of the Closing Date. Amounts payable in respect of the Series B Dividend shall begin to accrue on a daily basis, be cumulative from and including the Original Issue Date, whether or not the Corporation has funds legally available for such dividends or such dividends are declared, shall compound on each six month anniversary of the Original Issue Date and shall be payable in arrears on the 18-month anniversary of the Original Issue Date. No preemptive rights are granted to the holders of Series B Preferred Stock. The Majority Holders have the ability to cause a voluntary conversion of the Series B Preferred Stock into Common Stock at a conversion rate of 0.3968 shares of Common Stock per share of Series B Preferred Stock which may only occur on or after the following dates 18-month, 24 month, 36 month, 48 month, and 60 month anniversary of the original issuance date; and only up to 180,000 shares of Series B Preferred Stock on each of these dates. All shares of Series B Preferred Stock will automatically convert to Common Stock upon the occurrence of a Change of Control (as defined in the GoFire APA). On December 3, 2024, the Company paid accrued dividends of $405,000 to Series B shareholders. As of October 31, 2025, the Company had zero accrued dividend payable to Series B shareholders and no further dividends will be accrued or paid.

Pursuant to the GoFire APA, the Company is required to use commercially reasonable efforts to register the APA Shares and Warrant Shares with the SEC for distribution to GoFire's stockholders and/or public resale by such stockholders within 180 days of the Closing Date. In addition, if any Series B Preferred Stock remains outstanding nineteen (19) months after the Closing Date, the Company shall use commercially reasonable efforts to file with the SEC a subsequent registration statement registering the distribution to GoFire's stockholders and/or public resale Series B Conversion Shares by such stockholders. If such subsequent registration statement is required, the Company will use its commercially reasonable efforts to obtain effectiveness of such subsequent registration statement within nineteen (19) months of the Closing Date, and if the Company does not so register the Series B Conversion Shares within nineteen (19) months of the Closing Date, the Company will issue to GoFire or its designee an additional ten percent (10%) of all of the Series B Conversion Shares underlying the then outstanding shares of Series B Preferred Stock. All of the securities issued as consideration for the Purchased Assets are subject to a lock-up agreement that terminates one hundred eighty (180) days from the Closing Date. As of October 31, 2025, the Company made an accrual for the additional ten percent (10%) of all of the Series B Conversion Shares of $39,283.

Reverse Stock Split

On January 22, 2024, the Company filed a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to affect a 1-for-21 reverse stock split (the "2024 Reverse Stock Split") of the shares of the Common Stock. The 2024 Reverse Stock Split was effective on January 25, 2024, on the Nasdaq Stock Market. No fractional shares were issued in connection with the 2024 Reverse Stock Split. Any fractional shares of the Company's Common Stock that would have otherwise resulted from the 2024 Reverse Stock Split were rounded up to the nearest whole number. In connection with the 2024 Reverse Stock Split,

the Board approved appropriate and proportional adjustments to all outstanding securities or other rights convertible or exercisable into shares of the Common Stock, including, without limitation, all preferred stock, warrants, options, and other equity compensation rights. All historical share and per-share amounts reflected throughout these accompanying consolidated financial statements have been retroactively adjusted to reflect the 2024 Reverse Stock Split as if the split occurred as of the earliest period presented. The par value per share of the Common Stock was not affected by the 2024 Reverse Stock Split.

Common Stock

During the year ended October 31, 2025, the Company issued 3,025,000 fully vested shares of common stock, respectively, to directors, officers and an employee pursuant to grants under the Company's Amended and Restated 2020 Stock and Incentive Compensation Plan.

During the year ended October 31, 2025, the Company issued 51,100 shares of common stock through an ATM offering raising $24,293 and paid fees of $850 to Maxim for net proceeds of $23,443.

During the year ended October 31, 2024, the Company issued 1,746,500 shares of common stock in connection with the June 2024 Public Offering (see below).

During the year ended October 31, 2024, the Company issued 2,174,456 shares of common stock from exercises of pre-funded warrants (see below).

During the year ended October 31, 2024, the Company issued 52,949 shares of common stock for rounding of shares related to the Reverse Split.

During the year ended October 31, 2024, the Company issued 16,667 shares of common stock to a FINRA member broker-dealer in connection with the termination of its relationship with such broker dealer. The fair value was $62,000 based on the closing price of the common stock on the termination date and recorded as stock-based compensation.

During the year ended October 31, 2024, the Company issued 333,200 shares of common stock from exercises of warrants for total consideration of $385,746.

During the year ended October 31, 2024, the Company issued 1,400,144 shares of common stock to settle the related party payable to Bidi of $1,275,000. The Company recognized a loss on the settlement of the payable of $142,786.

June 2024 Public Offering

On June 21, 2024, the Company entered into a securities purchase agreement (the "Purchase Agreement") with the certain purchasers (the "Purchasers) for the purchase and sale of an aggregate of $5,393,250 of the Company's securities consisting of 3,525,000 units (the "Units'). With respect to (i) 1,350,000 of the Units (the "Common Units"), each such Common Unit consisted of one share of the Company's common stock, par value $0.001 per share ("Common Stock") and one and one-half common warrants ("Common Warrants") to purchase one and one-half shares of Common Stock and (ii) the other 2,175,000 Units (the "Pre-funded Units"), each such Pre-funded Unit consisted of a pre-funded warrant ("Pre-funded Warrant") to purchase one share of Common Stock and one and one-half Common Warrants. Pursuant to the Purchase Agreement, the Common Units were sold at a purchase price of $1.53 per Unit and the Pre-funded Units were sold at a purchase price of $1.529 per Unit. The sale of the Units to the Purchasers closed on June 24, 2024 (the "Closing Date"). The Company also sold 396,500 Common Units to additional investors, who did not enter into the Purchase Agreement, under the same terms sold to Purchasers. The sale of securities by the Company pursuant to the Purchase Agreement combined with the concurrent sale of securities to additional investors is referred to herein as the "June 2024 Public Offering'. The aggregate gross proceeds to the Company from the June 2024 Public Offering were approximately $5,997,720, before deducting placement agent fees and expenses and other transaction costs of $744,993. Of the total gross proceeds, $2,672,145 and $3,325,575 were allocated to the common stock and the pre-funded warrants, respectively.

See further Common Warrants and Pre-Funded Warrants details below.

Stock Options

Summary of stock options information is as follows:

	Aggregate Number	Aggregate Exercise Price	Exercise Price Range	Average Exercise Price
Outstanding, October 31, 2023	449,106	$ 14,081,408	$ 10.08-602.28	$ 31.36
Granted	104,693	529,899	2.81-11.76	5.06
Exercised	—	—	—	—
Cancelled, forfeited, or expired	(364,209)	(7,763,571)	2.81-545.58	15.75
Outstanding, October 31, 2024	189,590	$ 6,847,736	$ 3.64-602.28	$ 36.12
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled, forfeited, or expired	(133,923)	(5,999,707)	$ 15.33-602.28	44.80
Outstanding, October 31, 2025	55,667	$ 848,028	$ 3.64-59.85	$ 15.23
Exercisable, October 31, 2025	54,477	$ 828,314	$ 3.64-59.85	$ 15.20

During the years ended October 31, 2025, and 2024, the Company recognized $38,637 and $108,234, respectively of stock option expense related to outstanding stock options. No options were granted during the twelve-months ended October 31, 2025. The weighted-average grant-date fair value of the options granted during the fiscal years ended October 31, 2024 was $5.03.

The total fair value of stock options that vested during the fiscal years ended October 31, 2025 and October 31, 2024 were $38,977 and $830,907 respectively.

On October 31, 2025, the Company had $16,299 of unrecognized expenses related to options, which is expected to be recognized over a weighted-average period of approximately 1.68 years. The weighted average remaining contractual life is approximately 7.84 years for stock options outstanding as of October 31, 2025. The aggregate intrinsic value of these outstanding options as of October 31, 2025 was zero.

Compensation expense related to performance-based options is recognized on a straight-line basis over the requisite service period, provided that it is probable that performance conditions will be achieved, with probability assessed on a quarterly basis and any changes in expectations recognized as an adjustment to earnings in the period of the change. Compensation cost is not recognized for service and performance-based awards that do not vest because service or performance conditions are not satisfied, and any previously recognized compensation cost is reversed. If vesting occurs prior to the end of the requisite service period, expense is accelerated and fully recognized through the vesting date.

Warrants

Warrant information as of the periods indicated is as follows:

	Aggregate Number	Aggregate Exercise Price	Exercise Price Range	Average Exercise Price
Outstanding, October 31, 2023	242,548	$ 13,946,006	$ 12.39-126.00	$ 57.51
Granted	8,057,250	6,812,056	.001-1.16	0.85
Exercised	(2,508,200)	(387,921)	.001-1.16	0.15
Cancelled, forfeited, or expired	(36,912)	(544,025)	12.39-15.33	14.74
Outstanding, October 31, 2024	5,754,686	$ 19,826,116	$ 1.16-126.00	$ 3.45
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled, forfeited, or expired	—	—	—	—
Outstanding, October 31, 2025	5,754,686	$ 19,826,116	$ 1.16-126.00	$ 3.45
Exercisable, October 31, 2025	5,754,686	$ 19,826,116	$ 1.16-126.00	$ 3.45

The weighted average remaining contractual life is approximately 3.56 years for Common Stock warrants outstanding as of October 31, 2025. As of October 31, 2025, the intrinsic value of outstanding stock warrants was zero.

Pre-Funded Warrants

The Company issued a pre-funded warrant to purchase an aggregate of 2,175,000 shares of Common Stock in connection with the June 2024 Public Offering. The Pre-funded Warrants were sold to Purchasers whose purchase of Common Units in the June 2024 Public Offering would have otherwise resulted in such Purchaser beneficially owning more than 4.99% (or, at the election of the purchaser, 9.99%) of the Company's outstanding Common Stock. The exercise price of each Pre-funded Warrant is $0.001 per share. The Pre-funded Warrants are exercisable immediately and may be exercised at any time until all of the Pre-funded Warrants are exercised in full.

Immediately after the Closing Date, the Purchasers of the Pre-funded Units exercised all of the 2,175,000 Pre-funded Warrants and purchased shares of common stock. The Company issued 2,174,456 shares of common stock from exercises of pre-funded warrants, consisting of 1,450,000 Pre-funded Warrants through cash exercise and 725,000 Pre-funded Warrants through cashless exercise. The Company received proceeds amounting to $1,450 from the cash exercise of the Pre-funded Warrants. As of October 31, 2024 and October 31, 2025, there were no Pre-Funded Warrants outstanding.

Note 8 – Related-Party Transactions

In March 2020, the Company commenced business operations as a result of becoming the exclusive distributor of certain ENDS and related components (the "Products") manufactured by Bidi, a related party company that is also owned by Nirajkumar Patel, the former Chief Executive Officer and Director of the Company.

On June 24, 2024, the Company obtained a short-term loan from Bidi, a related party company to finance the state and franchise tax fees. The principal amount was $218,787 and was not subject to interest. The entire principal balance of this loan shall be due and payable in full immediately upon receipt of funds by the Company pursuant to the June 2024 Public Offering noted above. This loan was fully paid on June 25, 2024 and has no remaining outstanding balance.

Revenue and Accounts Receivable

During the fiscal years ended October 31, 2025 and October 31, 2024, the Company recognized revenue of zero and $5,950 from one company owned by Nirajkumar Patel, the former Chief Executive Officer and former Director of the Company, and/or his wife. There was no accounts receivable balance for these transactions as of October 31, 2025 and October 31, 2024.

Purchases and Accounts Payable

There were no purchases of inventory from Bidi for the year ended October 31, 2025 and no amounts owed to Bidi for inventory purchases as of October 31, 2025.

During the fiscal year ended October 31, 2024, 100% of the inventories of Products, consisting solely of the BIDI® Stick, were purchased from Bidi, a related party controlled by Nirajkumar Patel, the former Chief Executive Officer and Director of the Company, in the amount of $250,560, As of October 31, 2024, the Company had $0 in accounts payable to Bidi from inventory purchases.

The KBI License agreement provides that KBI shall pay Bidi license fees equivalent to 50% of the adjusted earned royalty payments, after any offsets due to jointly agreed costs such development costs incurred for entry to specific international markets. During the years ended October 31, 2025 and October 31, 2024, the Company paid license fees of approximately $266,215 and $220,000 to Bidi, respectively. As of October 31, 2024, the Company has a payable to Bidi of $131,683 related to the PMI License Agreement of which $108,215 was paid in December 2024. As of October 31, 2025, the Company has a payable of approximately $50,000 related to the PMI License Agreement of which $37,500 was paid in January 2026.

Leased Office Space and Storage Space

On June 10, 2022, the Company entered into a Lease Agreement with Just Pick, owned and controlled by Nirajkumar Patel, the former Chief Executive Officer and Director of the Company. The Company had $140,533 and $198,392 in operating lease expenses for the years ended October 31, 2025 and October 31, 2024, respectively.

Note 9 – Income Tax

The Company is subject to federal income taxes and state income tax in the U.S. Significant judgment is required in determining the provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017 and reduced the U.S. federal corporate tax rate from 35% to 21%, eliminated corporate Alternative Minimum Tax, modified rules for expensing capital investment, and limited the deduction of interest expense for certain companies. The Company fulfilled and shipped all the Products from Florida and, thus, it is subject to the state corporate income tax of Florida with a tax rate of 5.5%. There is no difference between the income tax computed at the combined federal and state statutory rate to the income tax effective rate.

Significant components of the tax (benefit) expense recognized in the accompanying statements of operations for the years ended October 31, 2025, and October 31, 2024, are as follows:

	October 31,	
	2025	**2024**
Current Tax Expense:		
Federal	$ —	$ —
State	(18,942)	19,658
Total Current Tax Expense	(18,942)	19,658
Deferred Tax Expense:		
Federal	—	—
State	—	—
Total Deferred Tax Expense	—	—
Tax provision:		
Federal	—	—
State	(18,942)	19,658
Total	$ (18,942)	$ 19,658

Total net deferred taxes are comprised of the following on October 31, 2025, and October 31, 2024:

	October 31,	
	2025	**2024**
Deferred Tax Assets:		
Stock Compensation Expense – NQSO	$ 183,640	$ 1,871,908
Other	2,735,650	837,264
Net Operating Loss Carryforwards	7,186,210	6,258,699
Total Deferred Tax Asset	10,105,500	8,967,871
Deferred Tax Liabilities:		
Prepaid Expenses	(3,401)	(75,319)
Right of Use Asset	—	(188,810)
Total Deferred Tax Liabilities	(3,401)	(264,129)
Less: Valuation Allowance	(10,102,099)	(8,703,742)
Net Deferred Tax Asset	$ —	$ —

The Company has Federal NOL carryforwards of approximately $34.2 million and state NOL carryforwards of approximately $0.4 million. With the changes instituted by the CARES Act, the Federal NOLs have an indefinite life and will not expire. The Company's federal and state tax returns for the 2023 and 2024 tax years generally remain subject to examination by U.S. and various state authorities. A valuation allowance is recorded to reduce the deferred tax asset if, based on the weight of the evidence, it is more likely than not that some portion or all the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, management has determined that a valuation allowance of $10,102,099 for the year ended on October 31, 2025, it is necessary to reduce the deferred tax asset to the amount that will more likely than not be realized.

Note 10 – Commitments and Contingencies

The Company follows ASC 450-20, *Loss Contingencies,* to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. There were no commitments or contingencies as of October 31, 2025, and October 31, 2024, other than the below:

QuikfillRx Service Agreement

On March 31, 2020, the Company entered into a service agreement (the "Service Agreement") with QuikfillRx LLC, a Florida limited liability company ("QuikfillRx"), whereby QuikfillRx provides the Company with certain services and support relating to sales management, website development and design, graphics, content, public communication, social media, management and analytics, and market and other research (collectively, the "Services").

Effective as of November 9, 2022, the Company entered into its latest amendment to the Service Agreement with QuikfillRx (collectively with prior amendments, the "Amended Service Agreement"). The November 9, 2022 amendment to the Service Agreement was captioned as the "Fourth Amendment" although it was the fifth amendment to the Service Agreement. Pursuant to the Amended Service Agreement:

(a) the term of the Amended Service Agreement was extended (unless earlier terminated pursuant to the terms of the Amended Service Agreement) from November 1, 2022 (the "Effective Date") until October 31, 2025, following which the term shall automatically renew for successive one (1) year period beginning November 1, 2025;

(b) QuikfillRx agreed to change its "doing business as" name to "Kaival Marketing Services" within thirty (30) days following the Effective Date;

(c) it was provided that either party may terminate the Amended Service Agreement without cause upon not less than ninety (90) days prior written notice to the other party;

(d) QuikfillRx was granted a one-time, fully vested, ten-year non-qualified option award to purchase up to 11,905 shares of Company common stock with an exercise price of $20.72 per share (the closing price of the Company's common stock on November 9, 2022). The option grant was memorialized pursuant to a Nonqualified Option Agreement, dated November 9, 2022, between the Company and QuikfillRx; and

(e) the parties agreed to revise the compensation for services as follows: (i) payment of $125,000 per month; (ii) bonus equivalent to 0.27% of the applicable gross quarterly sales and (iii) a grant of 3,000,000 nonqualified stock options to purchase shares of Company common stock which shall vest based on achievement of certain net revenue and profit margin targets up to $180,000,000 in total net revenues over a period of 3 years.

On February 21, 2024, the Company terminated the agreement and all amendments with QuikFillRx. Per the termination, the Company was required to pay $80,000 by March 1, 2024, in full satisfaction of all obligations, debts, and prior services, including but not limited to stock incentives, bonuses, third party obligations, owed by the Company to QuickfillRx. The Company made the required payment on February 28, 2024.

International Trade Commission claims against the Company

On June 11, 2024, RAI Strategic Holdings, Inc., R.J. Reynolds Vapor Company, R.J. Reynolds Tobacco Company, and RAI Services Company (collectively, the "RJ Reynolds Entities") filed a patent infringement complaint with the International Trade Commission (the "ITC") against Bidi, the Company, and forty (40) other respondents (the "ITC Complaint") pursuant to Section 337 of the Tariff Act of 1930, as amended. Specifically, the ITC Complaint alleges that one or more components or elements of the Bidi Stick infringe U.S. Patent No. 11,925,202, which is owned by one of the RJ Reynolds Entities. The ITC Complaint requests the ITC grant: (a) temporary and permanent limited exclusion orders pursuant to Section 337(e) of the Tariff Act of 1930, as amended, which would prohibit the importation of the Bidi Stick in the United States; and (b) issue temporary and permanent cease and desist orders pursuant to 337(f) of the Tariff Act of 1930, as amended, which would prohibit the sale and distribution of the Bidi Stick in the United States. On July 17, 2024, the Company was dismissed from the ITC proceeding and is no longer a defendant in the ITC proceeding. No damages are recoverable in the proceedings before the ITC. If Bidi is prohibited from importing the Bidi Stick, then the Company's business, operations, financial results, and reputation would be significantly adversely impacted.

Note 11 – Subsequent Events

During December 2025, the Company issued 4,892,000 shares of common stock through its ATM offering raising $1,111,858 and paid fees and expenses of $96,415 to Maxim for net proceeds of $1,015,443.

During December 2025, the Company canceled 2,950,000 shares of common stock issued to the Directors and Officers of the Company in January 2025 in relation to the terminated merger agreement with Delta.

The Company's stock was delisted from the Nasdaq Stock Market on December 23 , 2025 and is currently trading on the OTC Pink Limit Market.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15e and Rule 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our President& Chief Operating Officer and our Interim Chief Financial Officer to allow for timely decisions regarding required disclosure.

As of October 31, 2025, the end of the year covered by this Report, we carried out an evaluation under the supervision and with the participation of members of our management, including our President & Chief Operating Officer and our Chief Financial Officer, of the effectiveness of the design and the operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Exchange Act. Our management has concluded, based on their evaluation, that the disclosure controls and procedures were not effective as of the end of the year covered by this Report due to material weaknesses identified below.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Internal control over financial reporting is a process, including policies and procedures, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Our management assessed our internal control over financial reporting using the criteria in Internal Control – Integrated Framework (2013 Framework), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). A system of internal control over financial reporting is designed 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Based on our evaluation under the framework in COSO, our management concluded that our internal control over financial reporting was ineffective, taken as a whole, as of October 31, 2025, based on such criteria. Material weaknesses existed in the design or operation of certain of our internal controls over financial reporting that adversely affect our internal controls. A material weakness is a significant deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements may not be prevented or detected. Management determined that there was a lack of resources to provide segregation of duties consistent with control objectives, and a lack of a fully developed formal review process that includes multiple levels of review over financial disclosure and reporting processes.

The weaknesses and the related risks are not uncommon in a company of our size because of the limitations in the location, size and number of our staff. To address these material weaknesses, and subject to the receipt of additional financing or cash flows, we have undertaken certain remediation measures to date to address the material weaknesses described in this Report, including implementing procedures pursuant to which we can ensure proper segregation of duties and hire additional resources to ensure appropriate review and oversight, as well as more timely formal communications processes, more diligent review and approval of all disbursements and more timely review of all banking transactions sales orders and inventory management.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met under all potential conditions, regardless of how remote, and may not prevent or detect all errors and all fraud. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Our internal control over financial reporting is designed 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.

Auditor's Report on Internal Control Over Financial Reporting

This Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this Report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Exchange Act) that have occurred during the fourth quarter ended October 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table and text set forth the names and ages of our directors and executive officers as of the date of this Report. Our board of directors (the "Board") is comprised of only one class of directors. Also provided herein are brief descriptions of the business experience of each director and executive officer during the past five years (based on information supplied by them) and an indication of directorships held by each director in other public companies subject to the reporting requirements under the Federal securities laws. During the past ten years, none of our directors or executive officers has been involved in any legal proceedings that are material to an evaluation of the ability or integrity of such person:

Name	Age	Position(s)	Dates in Position or Office
David Worner (1)	47	Director	March 19, 2023– Current
Mark Thoenes (2)	72	Director and Interim Chief Executive Officer	August 1, 2023– Current
Ketankumar Patel (3)	41	Director	April 24, 2024– Current
Ashesh Modi (4)	46	Director	April 24, 2024– Current
Eric Morris (5)	50	Interim Chief Financial Officer	March 7, 2024– Current

(1) Mr. Worner serves as chair of the Audit Committee and a member of the Audit and Governance and Nominating Committee.
(2) Mr. Thoenes was appointed to the Board effective August 1, 2023. From June 30, 2021 until August 1, 2023, he served as our Interim Chief Financial Officer. Mark Thoenes was appointed our Interim Chief Executive Officer of our company on September 12, 2024
(3) Mr. Patel serves as Chair of the Compensation Committee and a member of the Governance and Nominating, and Audit Committees.
(4) Mr. Modi serves as Chair of the Governance and Nominating Committees and a member of the Audit, and Compensation Committee.
(5) Mr. Morris was appointed our Interim Chief Financial Officer of our company on March 7, 2024

David Worner, Director. Mr. David Worner began his career in public accounting and is currently the Chief Executive Officer of GrowthPath Partners, a transactional accounting and advisory firm which he founded in July 2021. From August 2012 to June 2021, Mr. Worner served as a partner at NOW CFO, a national finance and accounting consulting firm. Prior to his time at NOW CFO, Mr. Worner worked as a Controller at Covario, an independent provider of search marketing agency services, from August 2010 until August 2012. Prior to his time at Covario, from September 2006 to August 2012, he worked as an Accounting Manager for Securities and Exchange Commission Reporting and SOX Management for NTN Buzztime, a company that produces interactive entertainment across different platforms. Mr. Worner received a bachelor's degree in accounting from the University of New Orleans in 2005.

Mark Thoenes, Director and Interim Chief Executive Officer. Mr. Mark Thoenes, has more than 35 years of diverse financial and operational leadership to our company. From June 30, 2021 to August 1, 2023, he served as our Interim Chief Financial Officer on a consulting basis. He has been a licensed Certified Public Accountant since 1984 and began his career with Ernst & Young Global Limited. From 2000 to 2010, Mr. Thoenes served as the Executive Vice President/Chief Financial Officer of Rentrak Corporation ("Rentrak"), a publicly traded company listed on Nasdaq and headquartered in Portland, Oregon. Founded in 1977, Rentrak went public in 1986, and remained a public company until it was acquired by comScore, Inc. in 2016, after Mr. Thoenes left Rentrak. For the past eleven years, Mr. Thoenes has been the President of MLT Consulting Services, LLC, a full-service business/financial consulting firm.

Ketankumar Patel, Director: In 2017, Mr. Patel founded liquor franchise company called In and Out Liquors. Through that business, he developed a thorough understanding of how to manage and sell high-value, age-restricted products. Mr. Patel is a graduate of APC College of Pharmacy, Chikhali, Maharastra, India. After obtaining his degree in 2005, Mr. Patel moved to the United States in 2006. We believe that Mr. Patel is qualified to serve on our board of directors due to his background in our industry and the business of age-restricted products.

Ashesh Modi, Director: Since 2017, Mr. Modi, has been a pharmacist at Publix. Since 2016, Mr. Modi has also held a realtor license and has managed multi-million-dollar deals, earning accolades such as being named a top 1% Realtor by Lokation Real Estate in 2022. He also served as President of the Indian Association of the Space Coast in Florida in 2017 -2018. After earning a Bachelor of Pharmacy degree from A R College of Pharmacy at Sardar Patel University in India, he came to USA in 2002 where he attended Master's in Public Health from the University of Oklahoma. We believe that Mr. Modi is qualified to serve on our board of directors due to his background in our industry.

Eric Morris, Interim Chief Financial Officer. Mr. Morris has served as our Interim Chief Financial Officer since March 2024. Prior to this position he was our Controller from April 2023 to March 2024. He has been a licensed Certified Public Accountant since 2006. From Sept 2017 to April 2023, he worked as a fractional accounting consultant at a privately held company with a diverse group of clients. Prior to his time as a consultant, from December 2010 to August 2017, he was the Controller at a privately held Parking Meter Company. Mr. Morris received a bachelor's degree in accounting from Linfield University in 2000. We believe that Mr. Morris is qualified to serve as our Interim Chief Financial Officer because of his prior and current management experience, as well as his business experience

Family Relationships

There are no family relationships among any of our directors or executive officers.

Involvement in Certain Legal Proceedings

During the last ten years, none of or officers, directors or control persons have been involved in any legal proceedings as described in Item 401(f) of Regulation S-K, other than as otherwise disclosed in this Report.

Arrangements

Other than with respect to the Series B Director as described under "Description of Capital Stock-–-Preferred Stock—Series B Preferred Stock—Series B Director", there are no arrangements or understandings between an executive officer or director and any other person pursuant to which he was selected as an executive officer or director.

Directors and Executive Officers Qualifications

Although we have not formally established any specific minimum qualifications that must be met by each of our officers, we generally evaluate the following qualities: educational background, diversity of professional experience, including whether the person is a current or was a former chief executive officer or chief financial officer of a public company or the head of a division of a prominent international organization, knowledge of our business, integrity, professional reputation, independence, wisdom, and ability to represent the best interests of our stockholders.

The Governance and Nominating Committee of the Board prepares policies regarding director qualification requirements and the process for identifying and evaluating director candidates for adoption by our Board. The above-mentioned attributes, along with the leadership skills and other experiences of our officers and Board members described above, provide us with a diverse range of perspectives and judgment necessary to facilitate our goals of stockholder value appreciation through organic and acquisition growth.

Director Independence

Under Nasdaq standards, a director is not "independent" unless the Board affirmatively determines that he or she does not have a direct or indirect material relationship with us or any of our subsidiaries. In addition, the director must meet the bright-line tests for independence set forth by the Nasdaq rules. Our Board has undertaken a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. Based on these standards, the Board has determined that Messrs. Worner, Patel, and Modi are "independent" directors within the meaning of listing rules of the Nasdaq Stock Market.

All the members of the Audit, Compensation and Governance and Nominating Committees were also independent during our fiscal year ended October 31, 2025. In making determinations regarding director independence, our Board considered the relationships that each non-employee director has with us and all other facts and circumstances our Board deemed relevant in determining their independence, including the director's beneficial ownership of our Common Stock and the relationships of our non-employee directors with certain of our significant stockholders.

Meetings of the Board and Board Committees

Our Board has an Audit Committee, a Compensation Committee and Governance and Nominating Committee. The entire Board met 16 times, including telephonic meetings, during fiscal year 2025. All directors attended at least 75% of our Board meetings held during the time each director served on our Board.

Audit Committee. The Audit Committee currently consists of David Worner (Chair), Ketankumar Patel and Ashesh Modi. The Audit Committee met 4 times during fiscal 2025. The meetings included discussions with management and with our independent registered public accounting firm to discuss our interim and annual financial statements, and the effectiveness of our financial and accounting functions and organization. The Audit Committee acts pursuant to a written charter adopted by our Board.

The purpose of the Audit Committee is to represent and assist the Board in its general oversight of our accounting and financial reporting processes, audits of our financial statements, and our internal control and audit functions. Management is responsible for (a) the preparation, presentation, and integrity of our financial statements; (b) accounting and financial reporting principles; and (c) our internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations. Our independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements in accordance with generally accepted auditing standards.

Our Board has determined that the Audit Committee is comprised entirely of independent members as defined under applicable SEC rules and the Nasdaq Rules. Our Board has determined that Mr. Worner, the Chair of the Audit Committee, is an "audit committee financial expert" as defined under SEC rules.

Compensation Committee. The Compensation Committee currently consists of Ketankumar Patel (Chair), David Worner and Ashesh Modi. The Compensation Committee met 2 times during fiscal 2025. The Compensation Committee acts pursuant to a written charter adopted by our Board.

The purpose of the Compensation Committee is to discharge the responsibilities of the Board relating to compensation of our executives, to produce an annual report on executive compensation for inclusion in our annual proxy statement, and to oversee and advise the Board on the adoption of policies that govern our compensation programs, including stock and benefit plans.

The Compensation Committee is responsible for determining executive compensation, including approving recommendations regarding equity awards for all of our executive officers, setting base salary amounts, and fixing compensation levels. This includes reviewing and making recommendations to our Board regarding corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating, at least annually, the Chief Executive Officer's performance in light of these goals and objectives, and reviewing and making recommendations to our Board regarding the Chief Executive Officer's compensation level based on such an evaluation.

The Compensation Committee also annually reviews director compensation to ensure non-employee directors are adequately compensated for the time expended in fulfilling their duties to us, as well as the skill-level required by us of members of our Board. After the Compensation Committee completes their annual review, they make recommendations to our Board regarding director compensation. The Compensation Committee is authorized to engage compensation consultants, if they deem necessary, to assist with the Compensation Committee's responsibilities related to our executive compensation program and the director compensation program.

Governance and Nominating Committee. The Governance and Nominating Committee currently consists of Ashesh Modi (Chair), David Worner and Ketankumar Patel. The Governance and Nominating Committee did not meet as such during fiscal 2025. The Governance and Nominating Committee acts pursuant to a written charter adopted by our Board.

The purpose of the Governance and Nominating Committee is to determine the slate of director nominees for election to our Board, to identify and recommend candidates to fill Board vacancies occurring between annual stockholder meetings, to review our policies and programs that relate to matters of corporate responsibility, including public issues of significance to our company and our stockholders, and any other related matters required by the federal securities laws.

The Governance and Nominating Committee determines the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to our Board for its approval, criteria to be considered in selecting nominees for director. The Nominating Committee and our Board believe that at this time, it is unnecessary to adopt criteria for the selection of directors. Instead, the Nominating Committee and our Board believe that the desirable background of a new individual member of our Board may change over time and that a thoughtful, thorough selection process is more important than adopting criteria for directors.

The Governance and Nominating Committee will also identify, recruit, and screen candidates for our Board, consistent with criteria approved by our Board. The Nominating Committee and our Board are fully open to utilizing whatever methodology is efficient in identifying new, qualified directors when needed, including industry contacts of our directors or professional search firms. The Governance and Nominating Committee also considers any director candidates recommended by our stockholders pursuant to the procedures described in this Proxy Statement and any nominations of director candidates validly made by stockholders in accordance with applicable laws, rules, and regulations, and the provisions of our charter documents.

There were no fees paid or due to third parties in fiscal 2024 to identify or evaluate, or to assist in evaluating or identifying, potential director nominees.

Code of Ethics

On March 17, 2021, our Board adopted a Code of Ethics and Business Conduct, that applies to all directors, senior officers, and employees of the Company (the "Code of Ethics"). The Code of Ethics was adopted to enhance and clarify our personnel's understanding of our standards of ethical business practices, promote awareness of ethical issues that may be encountered in carrying out an employee's or director's responsibilities, and sets forth how to address ethical issues that may arise. A copy of the Code of Ethics is available on our corporate website at https://ir.kaivalbrands.com/governance/governance-documents/default.aspx.

Insider Trading Policy

In March 2023, we adopted an insider trading policy governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, and employees, to promote compliance with insider trading laws, rules and regulations, and applicable Nasdaq listing standards applicable to us. Our insider trading policy, among other things, prohibits our directors, officers, and employees from holding our securities in a margin account or pledging our securities as collateral for a loan. In addition, our insider trading policy prohibits employees, officers, and directors from engaging in put or call options, short selling, or similar hedging activities involving our stock.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serve, or have served during the last year, as a member of the board of directors or compensation committee of any entity, other than us, that has one or more executive officers serving as a member of our Board.

Item 11. Executive Compensation

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our named executive officers, which is defined herein as (i) all individuals serving or having served as our principal executive officer or officers during the year ended October 31, 2025, (ii) each of our two other most highly compensated executive officers who were serving as executive officers at the end of the year ended October 31, 2025, and (iii) any individuals for whom disclosure would have been required but for the fact that the individual was not serving as an executive officer as of the fiscal year ended October 31, 2025.

Name and principal position	Fiscal Year Ended October 31,	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	Total ($)
Nirajkumar Patel, Former Interim CEO , Chief Science & Regulatory Officer and Director (2)	2024	241,499	0	0	0	0	0	241,499
	2025	0	0	0	0	0	0	0
Eric Mosser, former CEO, President, and Director (3)	2024	129,549	0	0	0	0	0	129,549
	2025	0	0	0	0	0	0	0
Mark Thoenes, Interim CEO and Director	2024	74,583(6)	0	0	0	0	0	74,583
	2025	300,000	0	589,000	0	0	0	889,000
Thomas Metzler, Former CFO (4)	2024	83,112	0	0	0	0	0	83,112
	2025	0	0	0	0	0	0	0
Stephen Sheriff, Former COO (5)	2024	88,352	0	0	0	0	0	88,352
	2025	0	0	0	0	0	0	0
Eric Morris, Interim CFO	2024	168,960	1,500	0	0	0	0	170,460
	2025	234,276	23,000	731,500	0	0	0	988,776

(1) Reflects the fair value of stock awards during the years in accordance with FASB ASC 718, Compensation–- Stock Compensation, using actual forfeitures that were immaterial. For valuation assumptions related to the 2023 option awards, refer to Note 2, "*Share-Based Compensation*," to the accompanying audited consolidated financial statements for the year ended October 31, 2024.
(2) Mr. Nirajkumar Patel resigned from the Company on September 7, 2024, upon his passing.
(3) Mr. Mosser resigned from the Company on March 8, 2024.
(4) Mr. Metzler resigned from the Company on February 20, 2024.
(5) Mr. Sheriff resigned from the Company on February 22, 2024.
(6) Consulting fees pursuant to the Consulting Agreement (as defined below). See "Narrative Discussion" for additional information.

Narrative Discussion

The following is a narrative discussion of the material information that we believe is necessary to understand disclosed in the foregoing Summary Compensation Table. The following narrative disclosure is separated into sections, with a separate section for each of our named executive officers.

Nirajkumar Patel

During the fiscal year ended October 31, 2024, we paid a base salary of approximately $241,499 to Nirajkumar Patel, our former CEO, Chief Science & Regulatory Officer.

Eric Mosser

During the fiscal year ended October 31, 2025, we paid a base salary of approximately zero to Eric Mosser, our former CEO, compared to a base salary of approximately $129,549 for the fiscal year ended October 31, 2024.

Mark Thoenes

During the fiscal year ended October 31, 2025, we paid a base salary of approximately $300,000 to Mark Thoenes, our Interim CEO, compared to a base salary of approximately $74,583 for the fiscal year ended October 31, 2024.

We issued the following stock compensation to Mr. Thoenes during fiscal years 2024 and 2025:

Vesting and/or Issuance Date	Number of Shares of our Common Stock	Price Per Share	Aggregate Value
1/6/2025	620,000	0.95	589,000
4/23/2024	10,000	3.84	38,400

Thomas Meztler

During the fiscal year ended October 31, 2025, we paid a base salary of approximately zero to Thomas Meztler, our former CFO, compared to a base salary of approximately $83,112 for the fiscal year ended October 31, 2024.

Stephen Sheriff

During the fiscal year ended October 31, 2025, we paid a base salary of approximately zero to Stephen Sheriff, our former COO, compared to a base salary of approximately $88,352 for the fiscal year ended October 31, 2024.

Eric Morris

During the fiscal year ended October 31, 2025, we paid a base salary of approximately $213,000 to Eric Morris, our Interim CFO, compared to a base salary of approximately $168,960 for the fiscal year ended October 31, 2024.

Vesting and/or Issuance Date	Number of Shares of our Common Stock	Price Per Share	Aggregate Value
1/6/2025	770,000	0.95	731,500

Potential Payments Upon Termination or Change-of-Control

Other than the stock options mentioned above in "Outstanding Equity Awards at Fiscal Year-End", none of our named executive officers are entitled to any payments upon termination or change-of-control.

Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide retirement or similar benefits for our named executive officers.

Director Compensation

In fiscal year 2025, we compensated our independent directors as follows:

Name of Director	Fees Earned or Paid in Cash	Equity Awards	Total
David Worner	50,000	494,000	544,000
Mark Thoenes	50,000	589,000	639,000
Ashesh Modi	50,000	494,000	544,000
Ketankumar Patel	50,000	494,000	544,000

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance Under Equity Compensation Plans

In January 2025, the Company issued 2,950,000 shares of common stock to the Directors and Officers of the Company to complete the merger acquisition deal with Delta. In December 2025, the Company canceled 2,950,000 shares of common stock due to the termination of the merger agreement with Delta.

Stock Option Plans

On May 28, 2020, our Board adopted the Incentive Plan. The following is a summary of the principal features of the Incentive Plan. The summary of the Incentive Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the Incentive Plan.

Background. The purpose of the Incentive Plan is to enhance stockholder value by linking the compensation of our employees, officers, directors, and consultants to increases in the price of our Common Stock and the achievement of other performance objectives and to encourage ownership in the Company by key personnel whose long-term employment is considered essential to our continued progress and success. The Incentive Plan is also intended to assist us in recruiting new employees and to motivate, retain, and encourage such employees and directors to act in stockholders' interest and share in our success. The various types of incentive awards that may be provided under the Incentive Plan are intended to enable us to respond to changes in compensation practices, tax laws, accounting regulations, and the size and diversity of its business. We will not offer incentive stock options under the Incentive Plan. All our employees, officers, directors, and consultants will be eligible to be granted awards under the Incentive Plan.

The Incentive Plan will be administered by our Board. All awards made under the Incentive Plan will be subject to the recommendations and approvals of our Board.

Stock Subject to the Incentive Plan. Subject to the terms of the Incentive Plan, the maximum aggregate number of shares of our Common Stock that may be subject to or delivered under awards granted pursuant to the Incentive Plan is 4,761,905 shares. Shares subject to awards that have been canceled, expired, settled in cash, or not issued or forfeited for any reason (in whole or in part) will not reduce the aggregate number of shares that may be subject to or delivered under awards granted under the Incentive Plan and be available for future awards granted under the Incentive Plan.

Eligibility. We may grant awards under the Incentive Plan to employees, officers, directors, and consultants.

Types of Awards. The Incentive Plan provides for options not qualifying as "incentive" stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended, stock appreciation rights, shares of restricted stock, and other stock-based awards.

Award Limitation. Non-employee directors may not be granted awards in excess of the 200,000 shares of our Common Stock in any calendar year.

Term and Amendments. Unless terminated by our Board, the Incentive Plan will continue to remain effective until no further awards may be granted, and all awards granted under the Incentive Plan are no longer outstanding. Our Board may at any time, and from time to time, amend the Incentive Plan; provided that no amendment will be made that would impair the rights of a holder under any agreement entered into pursuant to the Incentive Plan without the holder's consent.

Security Ownership of Certain Beneficial Owners and Management

Common Stock

The following table lists the beneficial ownership of the Kaival Common Stock as of January 26, 2026, by (i) each named executive officer, (ii) each director, and (iii) all of Kaival's current directors and executive officers as a group. Percentage outstanding is based on shares of Kaival Common Stock outstanding as of January 26, 2026.

Beneficial ownership is determined in accordance with the rules of the SEC and, thus, represents voting or investment power with respect to the 13,535,402 shares of Kaival Common Stock outstanding as of January 26, 2026. In computing the number and percentage of shares beneficially owned by a person, shares that may be acquired by such person within 60 days of January 26, 2026 are counted as outstanding, while these shares are not counted as outstanding for computing the percentage ownership of any other person. Except as otherwise indicated, the persons listed below have sole voting and investment power with respect to all shares of our common stock owned by them, except to the extent such power may be shared with a spouse.

Name	Number of Shares of Kaival Common Stock Beneficially Owned(2)	Percentage of Class(2)
Eric Morris(3)	7,211	0.1%
David Worner(4)	15,952	0.1%
Mark Thoenes(5)	19,604	0.1%
Ashesh Modi(6)	6,000	0.0%
Ketankumar Patel(7)	6,000	0.0%
Current Executive Officers and Directors as a Group (5 Persons)	54,767	0.3%

* Less than 1.0%

(2) Applicable percentage of ownership is based on 13,535,402 shares of common stock outstanding as of January 26, 2026.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock that are currently exercisable within 60 days of January 20, 2026, are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any person.

(3) Eric Morris serves as our Interim Chief Financial Officer. Includes approximately 6,020 shares of our common stock and 1,191 shares of our common stock issuable upon the exercise of vested options.

(4) David Worner serves as a member of our board. Includes approximately 15,952 shares of our common stock issuable upon the exercise of vested options.

(5) Mark Thoenes serves as a member of our board. Includes approximately 80 shares of our common stock and 19,524 shares of our common stock issuable upon the exercise of vested options.

(6) Includes 6,000 shares underlying vested options.

(7) Includes 6,000 shares underlying vested options.

Item 13. Certain Relationships and Related Party Transactions

Since the beginning of our fiscal year, we have entered into or participated in the following transactions with related persons:

Revenue

During the year ended October 31, 2025, the Company recognized revenue of zero from three companies owned by Nirajkumar Patel, former Chief Executive Officer and director of the Company and/or his wife.

Purchases and Accounts Payable

The KBI License Agreement provides that KBI shall pay Bidi license fees equivalent to 50% of the adjusted earned royalty payments, after any offsets due to jointly agreed costs such development costs incurred for entry to specific international markets. During the year ended October 31, 2025, the Company paid license fees of approximately $266,215 to Bidi. As of October 31, 2025, the Company had accounts payable to Bidi of $50,000 for license fees.

Leased Office Space and Storage Space

We capitalize all leased assets pursuant to ASU 2016-02, Leases (Topic 842) (“Topic 842”), which requires lessees to recognize right-of-use (“ROU”) assets and lease liability, initially measured at present value of the lease payments, on its balance sheet for leases with terms longer than 12 months and classified as either financing or operating leases. We exclude short-term leases having initial terms of 12 months or less from Topic 842 as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term. On June 10, 2022, we entered into the 2022 Lease with Just Pick for approximately 21,332 rentable square feet combined in our principal office building and warehouse, together with all improvements thereon. Just Pick is considered a related party because our former Chief Executive Officer and director, Mr. Nirajkumar Patel, owns and controls Just Pick. On January 7, 2026, the Company executed a settlement agreement with Just Pick where both parties agreed to no further payments remaining for the office lease liability.

Policies and Procedures for Related Party Transactions

We follow ASC 850, Related Party Disclosures, for the identification of related parties and disclosure of related party transactions. When and if we contemplate entering into a transaction in which any executive officer, director, nominee, or any family member of the foregoing would have a direct or indirect interest, regardless of the amount involved, the terms of such transaction are presented to our board of directors (other than any interested director, if possible) for approval and documented in the board minutes.

Item 14. Principal Accounting Fees and Services.

Below is the aggregate amount of fees billed for professional services rendered by Malone Bailey, LLP, our principal accountants with respect to our fiscal year ended October 31, 2025, and October 31, 2024.

	2025	2024
Audit and review fees	$ 225,364	$ 227,120
Audit-related fees	—	—
Tax fees	—	—
All other fees	111,840	154,198
Total	$ 337,204	$ 381,318

Pre-Approval Policies and Procedures

All audit fees are approved by the Audit Committee of our Board. The Audit Committee reviews, and in its sole discretion, pre-approves, our independent auditors' annual engagement letter, including proposed fess and all audit and non-audit services provided by the independent auditors. Accordingly, all services described under "Audit Fees," "Audit-related Fees," "All Other Fees," and "Tax Fees," as applicable, were pre-approved by our Audit Committee. The Audit Committee may not engage independent auditors to perform the non-audit services prohibited by law or regulations.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

a) Financial Statements

1. Our financial statements are listed in the index under Item 8 of this document; and

2. All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

(b) Exhibits required by Item 601 of Regulation S-K.

Exhibit No.	Exhibit Description
3.1	Restated Certificate of Incorporation, which was filed as Exhibit 3.1 to our Registration Statement on Form 10-12G filed with the Securities and Exchange Commission on March 25, 2019, and is incorporated herein by reference thereto.
3.2	Bylaws, which were filed as Exhibit 3.2 to our Registration Statement on Form 10-12G filed with the Securities and Exchange Commission on February 19, 2019, and are incorporated herein by reference thereto.
3.3	Certificate of Ownership and Merger, as filed with the Secretary of State of the State of Delaware on June 20, 2019, which was filed as Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 15, 2019, and is incorporated herein by reference thereto.
3.4	Certificate of Correction, as filed with the Secretary of State of the State of Delaware on July 15, 2019, which was filed as Exhibit 3.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 15, 2019, and is incorporated herein by reference thereto.
3.5	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Kaival Brands Innovations Group, Inc., effective July 20, 2021, which was filed as Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 20, 2021, and is incorporated herein by reference thereto.
3.6	Certificate of Designation of Preferences, Rights and Limitations of the Series B Convertible Preferred Stock, dated May 30, 2023, which was filed as Exhibit 3.1 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 14, 2023, and is incorporated herein by reference thereto.
3.7	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Kaival Brands Innovations Group, Inc., effective January 22, 2024, which was filed as Exhibit 3.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2024, and is incorporated herein by reference thereto.
4.1	Description of Securities*
4.2	Form of senior indenture, filed as Exhibit 4.4 to our Registration Statement on Form S-3 filed with the Securities and Exchange Commission on July 30, 2021, and is incorporated herein by reference thereto.
4.3	Form of Warrant, filed as Exhibit 4.1 to our Current Report on Form 8-K filed with Securities and Exchange Commission on October 4, 2021, and is incorporated herein by reference thereto.
4.4	Warrant Agency Agreement, dated as of September 29, 2021, by and between Kaival Brands Innovations Group, Inc. and VStock Transfer, LLC, as warrant agent, filed as Exhibit 4.2 to our Current Report on Form 8-K filed with Securities and Exchange Commission on October 4, 2021, and is incorporated herein by reference thereto.

4.5	Common Stock Purchase Warrant issued to GoFire, Inc on May 30, 2023, which was filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 14, 2023, and is incorporated herein by reference thereto.
10.1	Service Agreement by and between Kaival Brands Innovations Group, Inc. and QuikfillRx LLC, dated March 31, 2020, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2020, and is incorporated herein by reference thereto.
10.2	First Amendment to Service Agreement by and between Kaival Brands Innovations Group, Inc. and QuikfillRx LLC, dated June 2, 2020, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 3, 2020, and is incorporated herein by reference thereto.
10.3	Non-Exclusive Sub-Distribution Agreement by and between Kaival Brands Innovations Group, Inc. and Favs Business, LLC, dated April 3, 2020, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 6, 2020, and is incorporated herein by reference thereto. (1)
10.4	Non-Exclusive Sub-Distribution Agreement by and between Kaival Brands Innovations Group, Inc. and Colonial Wholesale Distributing Inc., dated April 11, 2020, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 13, 2020, and is incorporated herein by reference thereto. (1)
10.5	Amended and Restated Non-Exclusive Sub-Distribution Agreement by and between Kaival Brands Innovations Group, Inc. and Favs Business, LLC, dated May 21, 2020, which was filed as Exhibit 10.6 to our Form 10-Q filed with the Securities and Exchange Commission on May 27, 2020, and is incorporated herein by reference thereto. (1)
10.6	Amended and Restated Non-Exclusive Sub-Distribution Agreement by and between Kaival Brands Innovations Group, Inc. and Colonial Wholesale Distributing Inc., dated May 25, 2020, which was filed as Exhibit 10.7 to our Form 10-Q filed with the Securities and Exchange Commission on May 27, 2020, and is incorporated herein by reference thereto. (1)
10.7	Share Cancellation and Exchange Agreement, by and between the Company and Kaival Holdings, LLC, dated August 19, 2020, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on August 21, 2020, and is incorporated herein by reference thereto.
10.8	Amended and Restated 2020 Stock and Incentive Compensation Plan, which was filed as an annex to our Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on May 4, 2022 and is incorporated herein by reference thereto.
10.8	Lease Agreement by and between Kaival Brands Innovations Group, Inc., and Just Pick, LLC, dated July 15, 2020, which was filed as Exhibit 10.14 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 14, 2020, and is incorporated herein by reference thereto.
10.9	Consulting Agreement, by and between Kaival Brands Innovations Group, Inc. and Russell Quick, dated March 16, 2021, which was filed as Exhibit 10.18 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 21, 2021, and is incorporated herein by reference thereto.
10.10	Second Amendment to Service Agreement, by and between Kaival Brands Innovations Group, Inc. and QuikfillRx LLC, effective as of March 16, 2021, which was filed as Exhibit 10.19 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 21, 2021 and is incorporated herein by reference thereto.
10.11	Lease Agreement by and between the Company and Just Pick, LLC, dated June 10, 2022, which was filed as Exhibit 10.24 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 21, 2022, and is incorporated herein by reference thereto.

10.12	Deed of Licensing Agreement by and between Kaival Brands International, LLC and Philip Morris Products S.A., dated as of June 13, 2022, which was filed as Exhibit 10.26 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 21, 2022, and is incorporated herein by reference thereto. (1) +
10.13	Fourth Amendment to Service Agreement, dated November 9, 2022 between the Company and QuikfillRx, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with Securities and Exchange Commission on November 15, 2022, and is incorporated herein by reference thereto. +
10.14	Nonqualified Stock Option Grant Agreement, dated November 9, 2022, between the Company and QuikfillRx, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with Securities and Exchange Commission on November 15, 2022, and is incorporated herein by reference thereto.
10.15	Nonqualified Stock Option Grant Agreement, dated November 9, 2022, between the Company and QuikfillRx, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with Securities and Exchange Commission on November 15, 2022, and is incorporated herein by reference thereto.
10.16	Asset Purchase Agreement by and among Kaival Brands Innovations Group, Inc., Kaival Labs, Inc., and GoFire, Inc., dated May 30, 2023, which was filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 14, 2023, and is incorporated herein by reference thereto.
10.17	Deed of Amendment to Deed of License Agreement, executed and entered into by the Company on August 12, 2023, by and among Philip Morris Products S.A., Kaival Brands International, LLC, Bidi Vapor, LLC and the Company. which was filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 19, 2023, and is incorporated herein by reference thereto.*+
10.18	Amended and Restated Board of Directors Compensation Agreement with Ashesh Modi which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2024 and incorporated herein by reference thereto.
10.19	Amended and Restated Board of Directors Compensation Agreement with Ketankumar Patel which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2024 and incorporated herein by reference thereto.
10.20	Amended and Restated Board of Directors Compensation Agreement with David Worner which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2024 and incorporated herein by reference thereto.
10.21	Amended and Restated Board of Directors Compensation Agreement with Mark Thoenesl which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2024 and incorporated herein by reference thereto.
19.1	Amended and Restated Insider Trading Policy*
21.1	List of Subsidiaries*
23.1	Consent of Independent Registered Public Accounting Firm*

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 of Chapter 63 of Title 18 of the United States Code*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 of Chapter 63 of Title 18 of the United States Code*
97.1	Compensation Clawback Policy*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

*Filed herewith.

+ + Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item 601(b)(10).as the Company has determined they are both not material and are of the type that the Company treats as private or confidential.

(1) Schedules and Exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any Schedule or Exhibit so furnished.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kaival Brands Innovations Group, Inc.

By: */s/ Mark Thoenes*
Mark Thoenes
Interim Chief Executive

Dated: January 28, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: */s/ Mark Thoenes*
Mark Thoenes
Interim Chief Executive Officer, Director

Dated: January 28, 2026

By: */s/ Eric Morris*
Eric Morris
Interim Chief Financial Officer
Dated: January 28, 2026

By: */s/ David Worner*
David Worner
Director
Dated: January 28, 2026

By: */s/ Kentankumar Patel*
Kentankumar Patel
Director
Dated: January 28, 2026

By: */s/ Ashesh Modi*
Ashesh Modi
Director
Dated: January 28, 2026

Exhibit 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

The following is a summary of all material characteristics of the capital stock of Kaival Brands Innovations Group, Inc., a Delaware corporation ("Kaival Brands," the "Company," "we," "us," or "our"), as set forth in our Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") and our Bylaws (the "Bylaws"), and as registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The summary does not purport to be complete and is qualified in its entirety by reference to our Certificate of Incorporation and our Bylaws, each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part and to the provisions of the Delaware General Corporate Law (the "DGCL"). We encourage you to review complete copies of our Certificate of Incorporation and our Bylaws, and the applicable provisions of the DGCL for additional information.

General

Our authorized capital stock consists of 1,005,000,000 shares, divided into 1,000,000,000 shares of common stock, par value $0.001 per share (the "Common Stock"), and 5,000,000 shares of preferred stock, par value $0.001 per share ("Preferred Stock"). Under our Certificate of Incorporation, our board of directors (our "Board") has the authority to issue such shares of Common Stock and Preferred Stock in one or more classes or series, with such voting powers, designations, preferences and relative, participating, optional or other special rights, if any, and such qualifications, limitations or restrictions thereof, if any, as shall be provided for in a resolution or resolutions adopted by our Board and filed as designations.

Common Stock

As of January 28, 2026, 13535,402 shares of our Common Stock were outstanding.

Holders of our Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders, including the election of directors, and are entitled to receive dividends when and as declared by our Board out of funds legally available therefore for distribution to stockholders and to share ratably in the assets legally available for distribution to stockholders in the event of the liquidation or dissolution, whether voluntary or involuntary, of the Company. We have not paid any dividends and do not anticipate paying any dividends on our Common Stock in the foreseeable future. It is our present policy to retain earnings, if any, for use in the development of our business. Our Common Stockholders do not have cumulative voting rights in the election of directors and have no preemptive, subscription, or conversion rights. Our Common Stock is not subject to redemption by us.

The transfer agent and registrar for our Common Stock is VStock Transfer, LLC

Certain Provisions of our Certificate of Incorporation, our Bylaws, and the DGCL

Certain provisions in our Certificate of Incorporation and Bylaws, as well as certain provisions of the DGCL, may be deemed to have an anti-takeover effect and may delay, deter, or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price of the shares held by stockholders. These provisions contained in our Certificate of Incorporation and Bylaws include the items described below.

- *Special Meetings of Stockholders.* Our Bylaws provide that special meetings of our stockholders may be called only by a majority of our Board, the President, Chief Executive Officer, or the Secretary.

- *No Cumulative Voting.* Our Certificate of Incorporation does not include a provision for cumulative voting for directors. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares could be able to ensure the election of one or more directors.

- *Undesignated Preferred Stock.* Because our Board has the power to establish the preferences and rights of the shares of any additional series of Preferred Stock, it may afford holders of any Preferred Stock preferences, powers, and rights, including voting and dividend rights, senior to the rights of holders of our Common Stock, which could adversely affect the holders of Common Stock and could discourage a takeover of us even if a change of control of the Company would be beneficial to the interests of our stockholders.

- *Our Officers Beneficially Own a Majority of Our Capital Stock.* Our executive officers and sole directors beneficially own more than a majority of our Common Stock and own all of the issued and outstanding shares of Series A Preferred Stock. Accordingly, they are able to control all matters related to the Company.

These and other provisions contained in our Certificate of Incorporation and Bylaws are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board. However, these provisions could delay or discourage transactions involving an actual or potential change in control of us, including transactions in which stockholders might otherwise receive a premium for their shares over then current prices. Such provisions could also limit the ability of stockholders to remove current management or approve transactions that stockholders may deem to be in their best interests.

In addition, we are subject to the provisions of Section 203 of the DGCL. Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the person became an interested stockholder, unless:

- The board of directors of the corporation approved the business combination or other transaction in which the person became an interested stockholder prior to the date of the business combination or other transaction;

- Upon consummation of the transaction that resulted in the person becoming an interested stockholder, the person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding, shares owned by persons who are directors and also officers of the corporation and shares issued under which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date the person became an interested stockholder, the board of directors of the corporation approved the business combination and the stockholders of the corporation authorized the business combination at an annual or special meeting of stockholders by the affirmative vote of at least 66-2/3% of the outstanding voting stock of the corporation that is not owned by the interested stockholder.

A "business combination" includes mergers, asset sales, and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within the prior three years did own, 15% or more of a corporation's voting stock.

Section 203 of the DGCL could depress our stock price and delay, discourage, or prohibit transactions not approved in advance by our Board, such as takeover attempts that might otherwise involve the payment to our stockholders of a premium over the market price of our Common Stock.

EXHIBIT 19.1

SECOND AMENDED AND RESTATED
INSIDER TRADING COMPLIANCE MANUAL

Kaival Brands Innovations Group, Inc.

Adopted: March 19, 2023

To take an active role in the prevention of insider trading violations by its officers, directors, employees, consultants, attorneys, advisors and other related individuals, the Board of Directors (the "**Board**") of Kaival Brands Innovations Group, Inc., a Delaware corporation (the "**Company**"), has adopted the policies and procedures described in this Insider Trading Compliance Manual.

I. Adoption of Insider Trading Policy.

Effective as of the date first written above, the Board has adopted the Insider Trading Policy attached hereto as Exhibit A (as the same may be amended from time to time by the Board, the "**Policy**"), which prohibits trading based on "material, nonpublic information" regarding the Company or any company whose securities are listed for trading or quotation in the United States ("**Material Non-Public Information**").

This Policy covers all officers and directors of the Company and its subsidiaries, all other employees of the Company and its subsidiaries, and consultants or contractors to the Company or its subsidiaries who have or may have access to Material Non-Public Information and members of the immediate family or household of any such person. This Policy (and/or a summary thereof) is to be delivered to all employees, consultants and related individuals who are within the categories of covered persons upon the commencement of their relationships with the Company.

II. Designation of Certain Persons.

A. Section 16 Individuals. All directors and executive officers of the Company will be subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the rules and regulations promulgated thereunder ("**Section 16 Individuals**").

B. Other Persons Subject to Policy. In addition, certain employees, consultants, and advisors of the Company as described in Section I above have, or are likely to have, from time to time access to Material Non-Public Information and together with the Section 16 Individuals, are subject to the Policy, including the pre-clearance requirement described in Section IV. A. below.

C. **Post-Termination Transactions**. This Policy continues to apply to transactions in Company securities even after an employee, officer or director has resigned or terminated employment. If the person who resigns or separates from the Company is in possession of Material Non-Public Information at that time, he or she may not trade in Company securities until that information has become public or is no longer material.

III. Appointment of Insider Trading Compliance Officer.

The Board has appointed Thomas Metzler (effective as of November 9, 2023) as the Insider Trading Compliance Officer (the "**Compliance Officer**").

IV. Duties of Compliance Officer.

The Compliance Officer has been designated by the Board to handle any and all matters relating to the Company's Insider Trading Compliance Program. Certain of those duties may require the advice of outside counsel with special expertise in securities issues and relevant law. The duties of the Compliance Officer shall include the following:

A. Pre-clearing all transactions involving the Company's securities by the Section 16 Individuals and those individuals having regular access to Material Non-Public Information in order to determine compliance with the Policy, insider trading laws, Section 16 of the Exchange Act and Rule 144 promulgated under the Securities Act of 1933, as amended ("**Rule 144**"). Attached hereto as Exhibit B is a Pre-Clearance Checklist to assist the Compliance Officer's performance of this duty.

B. Assisting in the preparation and filing of Section 16 reports (Forms 3, 4 and 5) for all Section 16 Individuals, bearing in mind, however, that the preparation of such reports is undertaken by the Company as a courtesy only and that the Section 16 Individuals alone (and not the Company, its employees or advisors) shall be solely responsible for the content and filing of such reports and for any violations of Section 16 under the Exchange Act and related rules and regulations.

C. Serving as the designated recipient at the Company of copies of reports filed with the Securities and Exchange Commission ("**SEC**") by Section 16 Individuals under Section 16 of the Exchange Act.

D. Performing periodic reviews of available materials, which may include Forms 3, 4 and 5, Form 144, officers and director's questionnaires, and reports received from the Company's stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to Material Non-Public Information.

E. Circulating the Policy (and/or a summary thereof) to all covered employees, including Section 16 Individuals, on an annual basis, and providing the Policy and other appropriate materials to new officers, directors and others who have, or may have, access to Material Non-Public Information.

F. Assisting the Board in implementation of the Policy and all related Company policies.

G. Coordinating with Company internal or external legal counsel regarding all securities compliance matters.

H. Retaining copies of all appropriate securities reports, and maintaining records of his or her activities as Compliance Officer.

[Acknowledgement Appears on the Next Page]

ACKNOWLEDGMENT

I hereby acknowledge that I have received a copy of the **Insider Trading Compliance Manual** of Kaival Brands Innovations Group, Inc. (the "**Insider Trading Manual**"). Further, I certify that I have reviewed the Insider Trading Manual, understand the policies and procedures contained therein and agree to be bound by and adhere to these policies and procedures.

Dated: _____

_____
Signature
Name:

Exhibit A

KAIVAL BRANDS INNOVATIONS GROUP, INC.

SECOND AMENDED AND RESTATED
INSIDER TRADING POLICY
AND GUIDELINES WITH RESPECT TO CERTAIN TRANSACTIONS IN COMPANY SECURITIES

APPLICABILITY OF POLICY

This Policy applies to all transactions in the securities of Kaival Brands Innovations Group, Inc. (the "**Company**"), including common stock, options and warrants to purchase common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible notes, as well as to derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options. It applies to all officers and directors of the Company, all other employees of the Company and its subsidiaries, and consultants or contractors to the Company or its subsidiaries who have or may have access to Material Nonpublic Information (as defined below) regarding the Company and members of the immediate family or household of any such person. This group of people is sometimes referred to in this Policy as "**Insiders**." This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as such information is not publicly known.

DEFINITION OF MATERIAL NONPUBLIC INFORMATION

It is not possible to define all categories of material information. However, the U.S. Supreme Court and other federal courts have ruled that information should be regarded as "material" if there is a substantial likelihood that a reasonable investor:

(1) ***would consider the information important in making an investment decision; and***

(2) ***would view the information as having significantly altered the "total mix" of available information about the Company***.

"Nonpublic" information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. In addition, material information may be positive or negative. Examples of such information may include:

- Financial results
- Information relating to the Company’s stock exchange listing or SEC regulatory issues
- Information regarding regulatory review of Company products
- Intellectual property and other proprietary/scientific information
- Projections of future earnings or losses
- Major contract awards, cancellations or write-offs
- Joint ventures/commercial partnerships with third parties
- Research milestones and related payments or royalties
- News of a pending or proposed merger or acquisition
- News of the disposition of material assets
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- New product announcements of a significant nature
- Significant pricing changes
- Stock splits
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Changes in senior management or the Board of Directors of the Company
- Capital investment plans
- Changes in dividend policy

CERTAIN EXCEPTIONS

For purposes of this Policy:

1. Stock Options Exercises. For purposes of this Policy, the Company considers that the exercise of stock options under the Company's stock option plans (but **not** the sale of the underlying stock) to be exempt from this Policy. This Policy does apply, however, to any sale of stock as part of a broker-assisted "cashless" exercise of an option, or any market sale for the purpose of generating the cash needed to pay the exercise price of an option.

2. 401(k) Plan. This Policy does not apply to purchases of Company stock in the Company's 401(k) plan resulting from periodic contributions of money to the plan pursuant to payroll deduction elections. This Policy does apply, however, to certain elections that may be made under the 401(k) plan, including (a) an election to increase or decrease the percentage of periodic contributions that will be allocated to the Company stock fund, if any, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against a 401(k) plan account if the loan will result in a liquidation of some or all of a participant's Company stock fund balance and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

3. Employee Stock Purchase Plan. This Policy does not apply to purchases of Company stock in the Company's employee stock purchase plan, if any, resulting from periodic contributions of money to the plan pursuant to the elections made at the time of enrollment in the plan. This Policy also does not apply to purchases of Company stock resulting from lump sum contributions to the plan, provided that the participant elected to participate by lump-sum payment at the beginning of the applicable enrollment period. This Policy does apply to a participant's election to participate in or increase his or her participation in the plan, and to a participant's sales of Company stock purchased pursuant to the plan.

4. Dividend Reinvestment Plan. This Policy does not apply to purchases of Company stock under the Company's dividend reinvestment plan, if any, resulting from reinvestment of dividends paid on Company securities. This Policy does apply, however, to voluntary purchases of Company stock that result from additional contributions a participant chooses to make to the plan, and to a participant's election to participate in the plan or increase his level of participation in the plan. This Policy also applies to his or her sale of any Company stock purchased pursuant to the plan.

5. General Exceptions. Any exceptions to this Policy other than as set forth above may only be made by advance written approval of each of: (i) the Company's President or Chief Executive Officer, (ii) the Company's Insider Trading Compliance Officer and (iii) the Chairman of the Governance and Nominating Committee (or similar committee) of the Board. Any such exceptions shall be immediately reported to the remaining members of the Board.

STATEMENT OF POLICY

General Policy

It is the policy of the Company to prohibit the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading related to the Company or any other company.

Specific Policies

1. Trading on Material Nonpublic Information. With certain exceptions, no Insider shall engage in any transaction involving a purchase or sale of the Company's or any other company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. However, see Section 2 under "**Permitted Trading Period**" below for a full discussion of trading pursuant to a pre-established plan or by delegation.

As used herein, the term "**Trading Day**" shall mean a day on which national stock exchanges are open for trading.

2. Tipping. No Insider shall disclose ("**tip**") Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities.

Regulation FD (Fair Disclosure) is an issuer disclosure rule implemented by the SEC that addresses selective disclosure of Material Nonpublic Information. The regulation provides that when the Company, or person acting on its behalf, discloses material nonpublic information to certain enumerated persons (in general, securities market professionals and holders of the Company's securities who may well trade on the basis of the information), it must make public disclosure of that information. The timing of the required public disclosure depends on whether the selective disclosure was intentional or unintentional; for an intentional selective disclosure, the Company must make public disclosures simultaneously; for a non-intentional disclosure the Company must make public disclosure promptly. Under the regulation, the required public disclosure may be made by filing or furnishing a Form 8-K, or by another method or combination of methods that is reasonably designed to effect broad, non-exclusionary distribution of the information to the public.

It is the policy of the Company that all public communications of the Company (including, without limitation, communications with the press, other public statements, statements made via the Internet or social media outlets, or communications with any regulatory authority) be handled ***only*** through the Company's President and/or Chief Executive Officer (the "**CEO**"), an authorized designee of the CEO or the Company's public or investor relations firm. Please refer all press, analyst or similar requests for information to the CEO and do not respond to any inquiries without prior authorization from the CEO. If the CEO is unavailable, the Company's Chief Financial Officer (or the authorized designee of such officer) will fill this role.

3. Confidentiality of Nonpublic Information. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information (including, without limitation, via email or by posting on Internet message boards, blogs or social media) is strictly forbidden.

4. Duty to Report Inappropriate and Irregular Conduct. All employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within the company, consistent with generally accepted accounting principles and both federal and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or irregularities, whether by witnessing the incident or being told of it, must report it to their immediate supervisor and to any member of the Company's Audit Committee. In certain instances, employees are allowed to participate in federal or state proceedings. For a more complete understanding of this issue, employees should consult their employee manual and/or seek the advice from their direct report or the Company's principal executive officers (who may, in turn, seek input from the Company's outside legal counsel).

POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION

1. Liability for Insider Trading. Insiders may be subject to penalties of up to $5,000,000 for individuals (and $25,000,000 for a business entity) and up to twenty (20) years in prison for engaging in transactions in the Company's securities at a time when they possess Material Nonpublic Information regarding the Company. In addition, the SEC has the authority to seek a civil monetary penalty of up to three times the amount of profit gained or loss avoided by illegal insider trading. "Profit gained" or "loss avoided" generally means the difference between the purchase or sale price of the Company's stock and its value as measured by the trading price of the stock a reasonable period after public dissemination of the nonpublic information.

2. Liability for Tipping. Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to monitor and uncover insider trading.

3. Possible Disciplinary Actions. Individuals subject to the Policy who violate this Policy shall also be subject to disciplinary action by the Company, which may include suspension, forfeiture of perquisites, ineligibility for future participation in the Company's equity incentive plans and/or termination of employment.

PERMITTED TRADING PERIOD

1. Black-Out Period and Trading Window. To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that all officers, directors, members of the immediate family or household of any such person and others who are subject to this Policy refrain from conducting any transactions involving the purchase or sale of the Company's securities, other than during the period in any fiscal quarter commencing at the close of business on the second Trading Day following the date of public disclosure of the financial results for the prior fiscal quarter or year and ending at the close business on the fifteenth (15^{th}) calendar day of the third month of the subsequent fiscal quarter (the "**Trading Window**"). If such public disclosure occurs on a Trading Day before the markets close, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

It is the Company's policy that the period when the Trading Window is "closed" is a particularly sensitive periods of time for transactions in the Company's securities from the perspective of compliance with applicable securities laws. This is because Insiders will, as any quarter progresses, are increasingly likely to possess Material Nonpublic Information about the expected financial results for the quarter. The purpose of the Trading Window is to avoid any unlawful or improper transactions or the appearance of any such transactions.

It should be noted that even during the Trading Window any person possessing Material Nonpublic Information concerning the Company shall not engage in any transactions in the Company's (or any other companies, as applicable) securities until such information has been known publicly for at least two Trading Days. The Company has adopted the policy of delaying trading for "at least two Trading Days" because the securities laws require that the public be informed effectively of previously undisclosed material information before Insiders trade in the Company's stock. Public disclosure may occur through a widely disseminated press release or through filings, such as Forms 10-Q and 8-K, with the SEC. Furthermore, in order for the public to be effectively informed, the public must be given time to evaluate the information disclosed by the Company. Although the amount of time necessary for the public to evaluate the information may vary depending on the complexity of the information, generally two Trading Days is a sufficient period of time.

From time to time, the Company may also require that Insiders suspend trading because of developments known to the Company and not yet disclosed to the public. In such event, such persons may not engage in any transaction involving the purchase or sale of the Company's securities during such period and may not disclose to others the fact of such suspension of trading.

Although the Company may from time to time require during a Trading Window that Insiders and others suspend trading because of developments known to the Company and not yet disclosed to the public, ***each person is individually responsible at all times for compliance with the prohibitions against insider trading. Trading in the Company's securities during the Trading Window should not be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.***

Notwithstanding these general rules, Insiders may trade outside of the Trading Window provided that such trades are made pursuant to a legally compliant, pre-established plan or by delegation established at a time that the Insider is not in possession of material nonpublic information. These alternatives are discussed in the next section.

2. Trading According to a Pre-Established Plan (10b5-1) or by Delegation. The SEC has adopted Rule 10b5-1 (which was amended in December 2022) under which insider trading liability can be avoided if Insiders follow very specific procedures. In general, such procedures involve trading according to pre-established instructions, plans or programs (a "**10b5-1 Plan**") after a required "cooling off" period described below.

10b5-1 Plans must:

(a) Be documented by a contract, written plan, or formal instruction which provides that the trade take place in the future. For example, an Insider can contract to sell his or her shares on a specific date, or simply delegate such decisions to an investment manager, 401(k) plan administrator or similar third party. This documentation must be provided to the Company's Insider Trading Compliance Officer;

(b) Include in its documentation the specific amount, price and timing of the trade, or the formula for determining the amount, price and timing. For example, the Insider can buy or sell shares in a specific amount and on a specific date each month, or according to a pre-established percentage (of the Insider's salary, for example) each time that the share price falls or rises to pre-established levels. In the case where trading decisions have been delegated (i.e., to a third party broker or money manager), the specific amount, price and timing need not be provided;

(c) Be implemented at a time when the Insider does not possess material non-public information. As a practical matter, this means that the Insider may set up 10b5-1 Plans, or delegate trading discretion, only during a "Trading Window" (discussed in Section 1, above), assuming the Insider is not in possession of material non-public information;

(d) Remain beyond the scope of the Insider's influence after implementation. In general, the Insider must allow the 10b5-1 Plan to be executed without changes to the accompanying instructions, and the Insider cannot later execute a hedge transaction that modifies the effect of the 10b5-1 Plan. Insiders should be aware that the termination or modification of a 10b5-1 Plan after trades have been undertaken under such plan could negate the 10b5-1 affirmative defense afforded by such program for all such prior trades. As such, termination or modification of a 10b-5 Plan should only be undertaken in consultation with your legal counsel. If the Insider has delegated decision-making authority to a third party, the Insider cannot subsequently influence the third party in any way and such third party must not possess material non-public information at the time of any of the trades;

(e) **Be subject to a "cooling off" period**. Effective February 27, 2023, Rule 10b5-1 contains "cooling-off period" for directors and officers that prohibit such insiders from trading in a 10b5-1 Plan until the later of (i) 90 days following the plan's adoption or modification or (ii) two business days following the Company's disclosure (via a report filed with the SEC) of its financial results for the fiscal quarter in which the plan was adopted or modified; and

(f) **Contain Insider certifications**. Effective February 27, 2023, directors and officers are required to include a certification in their 10b5-1 Plans to certify that at the time the plan is adopted or modified: (i) they are not aware of Material Nonpublic Information about the Company or its securities and (ii) they are adopting the 10b5-1 Plan in good faith and not as part of a plan or scheme to evade the anti-fraud provisions of the Exchange Act.

Important: In addition, effective February 27, 2023: (i) Insiders are prohibited from having multiple overlapping 10b5-1 Plans or more than one plan in any given year, (ii) a modification relating to amount, price and timing of trades under a 10b5-1 Plan is deemed a plan termination which requires a new cooling off period, and (iii) whether a particular trade is undertaken pursuant to a 10b5-1 Plan will need to be disclosed (by checkoff box) on the applicable Forms 4 or 5 of the Insider.

Pre-Approval Required: Prior to implementing a 10b5-1 Plan, all officers and directors must receive the approval for such plan from (and provide the details of the plan to) the Company's Insider Trading Compliance Officer.

3. Pre-Clearance of Trades. Even during a Trading Window, all Insiders, must comply with the Company's "pre-clearance" process prior to trading in the Company's securities, implementing a pre-established plan for trading, or delegating decision-making authority over the Insider's trades. To do so, each Insider must contact the Company's Insider Trading Compliance Officer prior to initiating any of these actions. The Company may also find it necessary, from time to time, to require compliance with the pre-clearance process from others who may be in possession of Material Nonpublic Information.

4. Individual Responsibility. *Every person subject to this Policy has the individual responsibility to comply with this Policy against insider trading*, regardless of whether the Company has established a Trading Window applicable to that Insider or any other Insiders of the Company. Each individual, and not necessarily the Company, is responsible for his or her own actions and will be individually responsible for the consequences of their actions. Therefore, appropriate judgment, diligence and caution should be exercised in connection with any trade in the Company's securities. An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

APPLICABILITY OF POLICY TO INSIDE INFORMATION

REGARDING OTHER COMPANIES

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or suppliers ("**business partners**"), when that information is obtained in the course of employment with, or other services performed on behalf of the Company. Civil and criminal penalties, as well as termination of employment, may result from trading on Material Nonpublic Information regarding the Company's business partners. All Insiders should treat Material Nonpublic Information about the Company's business partners with the same care as is required with respect to information relating directly to the Company.

PROHIBITION AGAINST BUYING AND SELLING
COMPANY COMMON STOCK WITHIN A SIX-MONTH PERIOD
Directors, Officers and 10% Shareholders

Purchases and sales (or sales and purchases) of Company common stock occurring within any six-month period in which a mathematical profit is realized result in illegal "short-swing profits." The prohibition against short-swing profits is found in Section 16 of the Exchange Act. Section 16 was drafted as a rather arbitrary prohibition against profitable "insider trading" in a company's securities within any six-month period regardless of the presence or absence of material nonpublic information that may affect the market price of those securities. Each executive officer, director and 10% shareholder of the Company is subject to the prohibition against short-swing profits under Section 16. Such persons are required to file Forms 3, 4 and 5 reports reporting his or her initial ownership of the Company's common stock and any subsequent changes in such ownership. The Sarbanes-Oxley Act of 2002 requires executive officers and directors who must report transactions on Form 4 to do so by the end of the second business day following the transaction date, and amendments to Form 4 adopted effective February 2023 require the reporting person to check on the form if the purchase or sale was undertaken pursuant to a 10b5-1 Plan. Profit realized, for the purposes of Section 16, is calculated generally to provide maximum recovery by the Company. The measure of damages is the profit computed from any purchase and sale or any sale and purchase within the short-swing (i.e., six-month) period, without regard to any setoffs for losses, any first-in or first-out rules, or the identity of the shares of common stock. This approach sometimes has been called the "lowest price in, highest price out" rule.

The rules on recovery of short-swing profits are absolute and do not depend on whether a person has Material Nonpublic Information. In order to avoid trading activity that could inadvertently trigger a short-swing profit, it is the Company's policy that no executive officer, director and 10% shareholder of the Company who has a 10b5-1 Plan in place may engage in voluntary purchases or sales of Company securities outside of and while such 10b5-1 Plan remains in place.

INQUIRIES

Please direct your questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officer.

Exhibit B

KAIVAL BRANDS INNOVATIONS GROUP, INC.

INSIDER TRADING COMPLIANCE PROGRAM - PRE-CLEARANCE CHECKLIST

Individual Proposing to Trade:_____

Number of Shares covered by Proposed Trade:_____

Date:_____

- Trading Window. Confirm that the trade will be made during the Company's "trading window."

- Section 16 Compliance. Confirm, if the individual is subject to Section 16, that the proposed trade will not give rise to any potential liability under Section 16 as a result of matched past (or intended future) transactions. Also, ensure that a Form 4 has been or will be completed and will be timely filed.

- Prohibited Trades. Confirm, if the individual is subject to Section 16, that the proposed transaction is not a "short sale," put, call or other prohibited or strongly discouraged transaction.

- Rule 144 Compliance (as applicable). Confirm that:

  - Current public information requirement has been met;

  - Shares are not restricted or, if restricted, the one year holding period has been met;

  - Volume limitations are not exceeded (confirm that the individual is not part of an aggregated group);

  - The manner of sale requirements have been met; and

  - The Notice of Form 144 Sale has been completed and filed.

- Rule 10b-5 Concerns. Confirm that (i) the individual has been reminded that trading is prohibited when in possession of any material information regarding the Company that has not been adequately disclosed to the public, and (ii) the Insider Trading Compliance Officer has discussed with the individual any information known to the individual or the Insider Trading Compliance Officer which might be considered material, so that the individual has made an informed judgment as to the presence of inside information.

- Rule 10b5-1 Matters. Confirm whether the individual has implemented, or proposes to implement, a pre-arranged trading plan under Rule 10b5-1. If so, obtain details of the plan.

_____

Signature of Insider Trading Compliance Officer

Exhibit 21.1

Subsidiaries

Name	**Jurisdiction of Formation**
Kaival Labs, Inc	Delaware
Kaival Brands International, LLC	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-258339) and Form S-8 (File No. 333-265897) of our report dated January 28, 2026 with respect to the audited consolidated financial statements of Kaival Brands Innovations Group, Inc. and its subsidiaries (collectively, the "Company") appearing in this Annual Report on Form 10-K of the Company for the year ended October 31, 2025.

/s/ MaloneBailey, LLP
www.malonebailey.com
Houston, Texas
January 28, 2026

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Mark Thoenes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Kaival Brands Innovations Group, Inc.

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

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

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

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

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

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

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

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

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

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

Date: January 28, 2026

By: */s/ Mark Thoenes*
Mark Thoenes
Interim Chief Executive Officer, and Director

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Eric Morris, certify that:

1. I have reviewed this Annual Report on Form 10-K of Kaival Brands Innovations Group, Inc.

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

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

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

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

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

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

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

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

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

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

Date: January 28, 2026

By: */s/ Eric Morris*
Eric Morris
Interim Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

Pursuant to U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer of Kaival Brands Innovations Group, Inc. (the "Company") does hereby certify, to the best of such officer's knowledge, that:

1. The Annual Report on Form 10-K of the Company for the Annual period ended October 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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: January 28, 2026

By: */s/ Mark Thoenes*
Mark Thoenes
Interim Chief Executive Officer, and Director

The certifications set forth above are being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Kaival Brands Innovations Group, Inc. and will be retained by Kaival Brands Innovations Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

Pursuant to U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Financial Officer of Kaival Brands Innovations Group, Inc. (the "Company") does hereby certify, to the best of such officer's knowledge, that:

1. The Annual Report on Form 10-K of the Company for the Annual period ended October 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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: January 28, 2026

By: */s/ Eric Morris*
Eric Morris
Interim Chief Financial Officer

The certifications set forth above are being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Kaival Brands Innovations Group, Inc. and will be retained by Kaival Brands Innovations Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 97.1

KAIVAL BRANDS INNOVATIONS GROUP, INC.
EXECUTIVE COMPENSATION CLAWBACK POLICY
Adopted as of November 29, 2023

The Board of Directors (the "**Board**") of Kaival Brands Innovations Group, Inc. (the "**Company**") has adopted the following executive compensation clawback policy (this "**Policy**"). This Policy shall supplement any other clawback or compensation recovery policy or policies adopted by the Company or included in any agreement between the Company, or any subsidiary of the Company, and a person covered by this Policy. If any such other policy or agreement provides that a greater amount of compensation shall be subject to clawback, such other policy or agreement shall apply to the amount in excess of the amount subject to clawback under this Policy.

This Policy shall be interpreted to comply with Securities and Exchange Commission ("**SEC**") Rule 10D-1 and Listing Rule 5608 (the "**Listing Rule**") of The Nasdaq Stock Market, LLC ("**Nasdaq**"), as may be amended or supplemented and interpreted from time to time by Nasdaq. To the extent this Policy is in any manner deemed inconsistent with the Listing Rule, this Policy shall be treated as having been amended to be compliant with the Listing Rule.

1. Definitions. Unless the context otherwise the following definitions apply for purposes of this Policy:

(a) **Executive Officer**. An executive officer is the Company's chief executive officer and/or president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent (s) or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of the Listing Rule would include at a minimum executive officers identified in the Listing Rule.

(b) **Financial Reporting Measures**. Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the SEC and may be such financial measures as may be determined by the Board or the Compensation Committee thereof (the "**Compensation Committee**").

(c) **Incentive-Based Compensation**. Incentive-based compensation is any compensation that is granted, earned or vested based wholly or in part upon the attainment of a financial reporting measure.

(d) **Received**. Incentive-based compensation is deemed "received" in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

2. Application of this Policy. This recovery of Incentive-Based Compensation from an Executive Officer as provided for in this Policy shall apply only in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of Company with any financial reporting requirement under the United States securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.[1]

3. Recovery Period.

(a) The Incentive-Based Compensation subject to recovery is the Incentive-Based Compensation Received during the three (3) completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in Section 2 above, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to the Listing Rule.

(b) Notwithstanding the foregoing, this Policy shall only apply if the Incentive-Based Compensation is Received (i) while the Company has a class of securities listed on Nasdaq and (ii) on or after October 2, 2023.

(c) The provisions of the Listing Rule shall apply with respect to Incentive-Based Compensation received during a transition period arising due to a change in the Company's fiscal year.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to recovery from the applicable Executive Officers under this Policy ("**Erroneously Awarded Compensation**") shall be equal to the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (a) the amount shall be based on a reasonable estimate by the Company's Chief Financial Officer (or principal accounting officer, if the office of Chief Financial Officer is not then filled) of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, which estimate shall be subject to the review and approval of the Compensation Committee; and (b) the Company must maintain reasonable documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq if requested. Notwithstanding the foregoing, if the proposed Incentive-Based Compensation recovery would affect compensation paid to the Company's Chief Financial Officer, the determination shall be made by the Compensation Committee.

5. Timing of Recovery. The Company shall recover any Erroneously Awarded Compensation reasonably promptly except to the extent that the conditions of paragraphs (a), (b), or (c) below apply. The Compensation Committee shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance by the SEC, Nasdaq, judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Compensation Committee is authorized to adopt additional rules or policies to further describe what repayment schedules satisfy this requirement.

[1] NOTE: questions as to "materiality" will be made by the Audit Committee as part of the restatement process. Companies should review the charters for Audit and Compensation committees and consider updates authorizing them to oversee and make applicable determinations under the company's Clawback policy.

(a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing (or making determinations in connection with the enforcement of) this Policy would exceed the amount to be recovered and the Compensation Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall (i) make a reasonable attempt to recover such Erroneously Awarded Compensation, (ii) document such reasonable attempt or attempts to recover, and (iii) provide appropriate documentation to the Compensation Committee or Nasdaq, if requested.

(b) Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on a violation of home country law, the Company shall obtain an opinion of home country counsel, in form an substance that would be reasonably acceptable to Nasdaq, that recovery would result in such a violation and shall provide such opinion to Nasdaq, if requested.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401 (a)(13) or 26 U.S.C. 411(a) and the regulations thereunder (as such provision may be amended, modified or supplemented).

6. Compensation Committee Decisions. Decisions of the Compensation Committee with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this Policy.

7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss arising from the recovery of any Erroneously Awarded Compensation.

8. Agreement to Policy by Executive Officers. The Company shall take reasonable steps to inform Executive Officers of this Policy and obtain their express agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by an Executive Officer. This Policy shall be deemed to apply to each employment or grant agreement between the Company or any of its subsidiaries and any Executive Officer subject to this Policy.