# EMMAUS LIFE SCIENCES, INC.

## FORM 10-K
(Annual Report)

Filed 03/31/26 for the Period Ending 12/31/25

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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
## WASHINGTON, D.C. 20549
# FORM 10-K

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

**For the fiscal year ended December 31, 2025**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES 2EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 001-35527**

# Emmaus Life Sciences, Inc.

(Exact name of Registrant as specified in its charter)

| **Delaware** | **2834** | **87-0419387** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification No.) |

**21250 Hawthorne Boulevard, Suite 800, Torrance, California 90503**
(Address of principal executive offices, including zip code)

**(310) 214-0065**
(Registrant's telephone number, including area code)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| None | | |

Securities Registered Pursuant to Section 12(g) of the Act:

| Title of class |
|---|
| Common stock, par value $0.001 per share |

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 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 ☒

The aggregate market value of shares of common stock held by non-affiliates of the registrant as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was $581,655 based upon the closing price of the common stock as reported on the OTCQB.

There were 70,188,263 shares of common stock outstanding as of March 25, 2026.

**TABLE OF CONTENTS**

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains some statements that are not purely historical and that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Such forward-looking statements express our management's expectations, beliefs, and intentions regarding the future. The words "anticipates," "believes," "continue," "could," "estimates," "expects," "intends," "may," "might," "plans," "possible," "potential," "predicts," "projects," "seeks," "should," "will," "would" and similar expressions and variations, or comparable terminology, or the negatives of any of the foregoing, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this Annual Report are based on current expectations and beliefs concerning future developments that are difficult to predict. These uncertain future developments include matters relating to our recent change in strategy for commercialization of Endari® and equivalent products in the U.S. We cannot guarantee future performance, or that future developments affecting our company will be those currently anticipated. These forward-looking statements involve risks, uncertainties (some of which are beyond our control) or assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, including the factors referenced in this Annual Report under the sections entitled "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

All forward-looking statements attributable to us are expressly qualified in their entirety by these risks and uncertainties, and you should not place undue reliance on any forward-looking statement. We undertake no obligation to update or revise any forward-looking statement, except as may be required under applicable securities laws.

## PART I

### ITEM 1. BUSINESS

In this Annual Report, the terms, "we," "us," "our" or the "Company" refer to Emmaus Life Sciences, Inc. and its subsidiaries.

**Overview**

*Endari®*

We are a commercial-stage biopharmaceutical company engaged in the discovery, development, marketing and sale of innovative treatments and therapies, primarily for rare and orphan diseases. Our only product, Endari® (prescription grade L-glutamine oral powder) is approved by the U.S. Food and Drug Administration, or FDA, to reduce the acute complications of sickle cell disease ("SCD") in adult and pediatric patients five years of age and older. Endari® was approved for marketing in the United Arab Emirates, or U.A.E, Qatar, Kuwait, Bahrain and Oman. Our application for marketing authorization in the Kingdom of Saudi Arabia, or KSA, is pending. While the application is pending, the FDA approval of Endari® can be referenced to allow access to Endari® in Saudi Arabia on a named-patient basis. In January 2025, Endari® was afforded market exclusivity in the KSA by the KSA's unified purchasing system which extends to all KSA government institutions, including hospitals under the Ministry of Health, Military Hospitals, the National Guard, the Security Forces, and King Faisal Specialty Hospitals and Research Centers.

Endari® is sold in the U.S. through our nonexclusive distributors and in the Middle East North Africa, or MENA, region through exclusive arrangements with local distributors. In December 2025, we entered into a License and Exclusive Distribution Agreement, or License Agreement, with NeoImmuneTech, Inc., or NIT, pursuant to which we granted NIT, subject to the occurrence of the "Effective Date" of the License Agreement, an exclusive license to our rights to market, sell, and distribute Endari® and any generic equivalents we may develop in sickle cell disease, or the field, in the U.S. and its territories and possessions and Canada, or the territory, in exchange for an upfront cash payment, a double digit percentage royalty on NIT's sales of the licensed products and a double digit percentage of any NIT sublicenses of rights to the products. Of the upfront payment, somewhat less than half was paid in cash upon execution of the License Agreement, with the balance payable in cash upon the "Effective Date" of the License Agreement. The upfront cash payment is refundable by us under certain circumstances described in the License Agreement. We agree in the License Agreement to use a portion of the upfront payment payable upon the Effective Date to subscribe to purchase shares of NIT capital stock.

In connection with the License Agreement, we and NIT entered into an Exclusive Supply Agreement pursuant to which we agree to supply exclusively to NIT, and NIT agrees, subject to certain exceptions, to purchase exclusively from us all NIT's requirements for the products in the field in the territory at a purchase price based upon our cost of production plus a specified double digit percentage margin.

Pending the Effective Date, NIT has hired selected members of our U.S. sales force and we have entered into a sales services agreement with NIT under which it will render to us sales and marketing services for Endari® in the field in the territory in exchange for our payment of quarterly fees in the low-to-mid six figures. We will continue to realize all revenues from sales of Endari® in the territory pending the Effective Date.

The Effective Date is subject to NIT's obtaining the necessary regulatory approvals and licensing to sell and distribute the licensed products and other specified conditions, and there is no assurance that the Effective Date will occur. The License Agreement may be terminated by either party if the Effective Date does not occurred by the October 1, 2026, subject to certain exceptions, in which case all rights to the licensed products will revert to us. Once the Effective Date occurs, the rights granted to NIT under the License Agreement will become nonexclusive if NIT fails to generate annual minimum sales of the licensed products in the low seven figures. Following the Effective Date, the License Agreement may be terminated by either party in the event of a breach by the other party and other specified events.

Under the License Agreement, each party is entitled to make improvements to the licensed products and to own their respective improvements, subject to the grant of appropriate cross-rights to any such improvements. We retain all rights in the licensed products outside the field and outside the territory.

NIT has no experience is marketing brand name or generic pharmaceuticals in the U.S. or elsewhere, and if the Effective Date occurs there is no assurance that it will be able to successfully market and distribute Endari® or other licensed products.

If the Effective Date does not occur, we will consider alternative strategies for marketing and selling Endari® and any generic equivalents we may develop in the U.S. and other markets in the territory.

For the foregoing reasons, our historical results of operations are unlikely to be an indication of our future performance.

Endari® is reimbursable by the Centers for Medicare and Medicaid Services, and every state provides coverage for Endari® for outpatient prescriptions to all eligible Medicaid enrollees within their state Medicaid programs. Endari® is also reimbursable by many commercial payors. We have agreements in place with the nation's leading distributors, as well as physician group purchasing organizations and pharmacy benefits managers, making Endari® available at selected retail and specialty pharmacies nationwide which are expected to be assigned and assumed by NIT in connection with the Effective Date of the License Agreement. Following the Effective Date of the License Agreement, our revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the territory.

SCD is a rare, debilitating and lifelong hereditary blood disorder that affects approximately 100,000 patients in the U.S. and up to 25 million patients worldwide, the majority of which are of African descent. Approximately one in every 365 African-American children are born with SCD. The FDA's approval of Endari® was based upon the results of a 48-week randomized, double-blind, placebo-controlled, multi-center Phase 3 clinical trial evaluating the effects of Endari®, as compared to placebo in 230 adults and children with SCD. The results demonstrated that Endari® reduced the frequency of sickle cell crises by 25% and hospitalizations by 33%. Additional findings included a 41% decrease in cumulative hospital days and greater than 60% fewer incidents of acute chest syndrome in patients treated with Endari®. The FDA has acknowledged that the clinical benefit of Endari® was observed irrespective of hydroxyurea use, which supports the use of Endari® as a monotherapy or in combination with hydroxyurea as safe and effective treatment options for patients with SCD.

The safety of Endari® was based upon data from 298 patients, 187 treated with Endari® and 111 patients treated with placebo in Phase 2 and Phase 3 studies. Endari®'s safety profile was similar to the placebo and Endari® was well-tolerated in pediatric and adult patients alike. The most common adverse reactions, occurring in more than 10% of patients treated with Endari®, were constipation, nausea, headache, abdominal pain, cough, pain in extremity, back pain, and chest pain (non-cardiac).

*Product Pipeline*

As previously reported, we have suspended substantially all research and development activities to reduce operating expenses while we seek to restructure or refinance out existing indebtedness, and we cannot predict whether or when we will be able to resume such activities.

**Other Recent Developments**

In December 2025, we entered into an exclusive option agreement with a prominent U.S. academic medical center. Under the terms of the agreement, we secured an exclusive option for a period of 18 months to negotiate a worldwide exclusive license to patent rights and know-how related to an early clinical-stage metabolic therapy for the treatment of solid tumors, specifically targeting pancreatic cancer. The partner institution previously completed a Phase 1 clinical trial indicating the safety and preliminary efficacy of the candidate.

In partnership with a third-party contract research organization, we are undertaking a prospective, observational real-world evidence study of Endari® in patients with sickle cell disease receiving treatment in routine clinical practice. Consistent with real-world use, Endari® will be prescribed according to routine clinical care and sold through our local distributors. The real-world study is expected to evaluate approximately 230 patients across sites in the United Arab Emirates, Oman, Bahrain, and Kuwait. Patients taking Endari® will be followed for approximately 52 weeks to collect outcome data to validate its effectiveness and long-term safety, and to understand adherence and barriers to therapy in real-world use.

**Sickle Cell Disease—Market Overview**

Sickle cell disease ("SCD") is a genetic blood disorder that affects 20 million - 25 million people worldwide and occurs with increasing frequency among those whose ancestors are from regions including sub-Saharan Africa, South America, the Caribbean, Central America, the Middle East, India and Mediterranean regions such as Turkey, Greece and Italy. The U.S. Centers for Disease Control and Prevention estimates that there are as many as 100,000 people with SCD in the United States, and we estimate there are approximately 80,000 SCD sufferers in the EU. We estimate that there are over 100,000

SCD patients that could potentially be treated in the Persian Gulf States, as well as patients in other countries that comprise the Middle East and North Africa ("MENA") region.

SCD is characterized by the production of an altered form of hemoglobin which polymerizes and becomes fibrous, causing the red blood cells of patients with SCD to become sickle-shaped, inflexible and adhesive rather than round, smooth and flexible. These changes also lead to increased oxidant stress and much damage to the membrane of red blood cells. It also causes increased adhesiveness of red blood cells. The complications associated with SCD occur when these inflexible and sticky cells block, or occlude, small blood vessels, which can then cause severe and chronic pain throughout the body due to insufficient oxygen being delivered to tissue, or ischemia, and inflammation. According to an article in Annals of Internal Medicine, "*In the Clinic: Sickle Cell Disease*" by M.H. Steinberg (September 2011), which we refer to as the Steinberg Article, this leads to long-term organ damage, diminished exercise tolerance, increased risk of stroke and infection and decreased lifespan.

Sickle cell crisis, a broad term covering a range of disorders, is one of the most devastating complications of SCD. Types of sickle cell crisis include:

- *Vaso-occlusive crisis*, characterized by obstructed blood flow to organs such as the bones, liver, kidneys, eyes or central nervous system;
- *Aplastic crisis*, characterized by acute anemia typically due to viral infection;
- *Hemolytic crisis*, characterized by accelerated red blood cell death and reduced hemoglobin;
- *Splenic sequestration crisis*, characterized by painful enlargement of the spleen due to trapped red blood cells; and
- *Acute chest syndrome*, a potentially life-threatening obstruction of blood supply to the lungs characterized by fever, chest pain, cough, and lung infiltrates.

According to the Steinberg Article referred to above, acute chest syndrome affects more than half of all patients with SCD and is a common reason for hospitalization. Other symptoms and complications of SCD include swelling of the hands and feet, infections, pneumonia, vision loss, leg ulcers, gall stones and stroke.

A crisis is characterized by excruciating musculoskeletal pain, visceral pain and pain in other locations. These crises occur periodically throughout the life of a person with SCD. In adults, the acute pain typically persists for five or ten days or longer, followed by a dull, aching pain generally ending only after several weeks and sometimes persisting between crises. According to the Steinberg Article, the frequency of sickle cell crises varies within patients with SCD from rare occurrences to occurrences several times a month. The frequency of crises tends to increase late in the second decade of life and to decrease after the fourth decade.

Treatment of sickle cell crises is burdensome and expensive for patients and payors, as it encompasses costs for hospitalization, urgent care and emergency room visits and prescription pain medication. Endari® enhances nicotinamide adenine dinucleotide ("NAD") synthesis to reduce excessive oxidative stress in sickle red blood cells, which is the cause of much of the damage leading to characteristic symptoms of SCD. We believe that Endari®, when taken daily, will decrease the incidence of sickle cell crisis by restoring the flexibility, fluidity and function of red blood cells in patients with SCD. We believe that regular use of Endari® also will reduce the number of costly hospitalizations of patients with SCD, as well as unexpected urgent care and emergency room visits.

**Limitations of the Current Standard of Care**

Prior to the approval of Endari®, the only other FDA approved pharmaceutical targeting sickle cell crisis was hydroxyurea, which is available in both generic and branded formulations. Hydroxyurea, a drug originally developed as an anticancer chemotherapeutic agent, has been approved as a once-daily oral treatment for reducing the frequency of sickle cell crisis and the need for blood transfusions in adult patients with recurrent moderate to severe sickle cell crisis. In December 2017, the FDA granted Addmedica a regular approval for hydroxyurea (Siklos) to reduce the frequency of painful crises and the need for blood transfusions in pediatric patients two years of age and older with sickle cell anemia with recurrent moderate to severe painful crises. While hydroxyurea has been shown to reduce the frequency of sickle cell crisis in some patient groups, it is not suitable for many patients due to significant toxicities and side effects. In particular, hydroxyurea can cause a severe decrease in the number of blood cells in a patient's bone marrow, which may increase the risk that the patient will develop a serious infection or bleeding, or that the patient will develop certain cancers. Another potential treatment option for SCD,

bone marrow transplant, is limited in its use due to the lack of availability of matched donors and the risk of serious complications, including graft versus host disease, infection and potentially death, as well as by its high cost.

Two new treatments for sickle cell disease were approved by the FDA at the end of 2019. Crizanlizumab, marketed under the brand name of Adakveo® by Novartis AG, is a humanized monoclonal antibody that binds to P-selectin. It is approved by the FDA to reduce the frequency of vaso-occlusive crises in adults and pediatric patients aged 16 years and older with SCD. It is administered intravenously in two loading doses two weeks apart and every four weeks thereafter. Voxelotor, marketed under the brand name of Oxbryta™ by Pfizer Inc., is an HbS polymerization inhibitor that reversibly binds to hemoglobin to stabilize the oxygenated hemoglobin state, thus shifting the oxyhemoglobin dissociation curve. Oxbryta™ is approved by the FDA for the treatment of SCD in adults and pediatric patients 12 years of age and older. In December 2021, the FDA granted accelerated approval for Oxbryta to treat SCD in pediatric patients aged 4 to less than 12 years. In September 2024, Pfizer announced the withdrawal of Oxbryta™ from national and global markets.

In December 2023, the FDA approved Casgevy, a groundbreaking CRISPR-based gene editing therapy from Vertex Pharmaceuticals and CRISPR Therapeutics. The FDA also approved a second treatment using conventional gene therapy, Genetix Biotherapeutics's (formerly known as Bluebird Bio) lentiviral therapy, Lyfgenia.

Upon onset of sickle cell crisis, the current standard of care is focused on pain management, often with prescription narcotics or non-prescription oral medications taken at home. If the pain is not relieved, or if it progresses, patients may seek medical attention in a clinic or emergency department. Pain that is not controlled in these settings may require hospitalization for more potent pain medications, typically opioids administered intravenously. The patient must stay in the hospital to receive these intravenous pain medications until the sickle cell crisis resolves and the pain subsides. Other supportive measures during hospitalization may include hydration, supplemental oxygen and treatment of any concurrent infections or other conditions.

According to *Hematology in Clinical Practice*, by Robert S. Hillman et. al. ($5^{th}$ ed. 2011), sickle cell crisis, once it has started, almost always results in tissue damage at the affected site in the body, increasing the importance of preventative measures. While pain medications can be effective in managing pain during sickle cell crisis, they do not affect or resolve the underlying vascular occlusion, tissue ischemia or potential tissue damage. Additionally, opioid narcotics that are generally prescribed to treat pain can also lead to tissue or organ damage and resulting complications and morbidities, prolonged hospital stays and associated continuation of pain and suffering. Given the duration and frequency of sickle cell crises, addiction to these opioid narcotics is also a significant concern.

**Endari®, Our Solution for SCD**

We believe Endari® has proven to be a safe and effective means for reducing the frequency of sickle cell crises in patients with SCD and the need for costly hospital stays or treatment with highly addictive pain medications such as opioid narcotics. Published academic research has identified L-glutamine as a precursor to NAD, one of the major molecules that regulate and prevent oxidative damage in red blood cells. Several published studies have demonstrated that sickle red blood cells have a significantly increased rate of transport of L-glutamine, which appears to be driven by the cells' synthesis of NAD to protect against oxidative damage and thereby leading to further improvement in their regulation of oxidative stress. In turn this makes sickle red blood cells less adhesive to cells of the interior wall of blood vessels, which suggests that there is decreased chance of blockage of blood vessels, especially small ones. In summary, improved regulation of oxidative stress appears to lead to less obstruction or blockage of small blood vessels, thereby alleviating a major cause of the pain and other problems associated with SCD.

In December 2013, we completed a Phase 3 prospective, randomized, double blind, placebo controlled, parallel group multicenter clinical trial to measure, over a 48-week time frame, as its primary outcome, the reduction in the number of occurrences of sickle cell crises experienced by patients in the trial. All participants other than those who received placebo, including children, received up to 30 grams of Endari® daily, dissolved in liquid, split between morning and evening; the same dosage as our Phase 2 clinical trial completed in 2009. Patients were randomized to the study treatment using a 2:1 ratio of Endari® to placebo. The randomization was stratified by investigational site and hydroxyurea usage.

The clinical trial evaluated the efficacy and safety of Endari® in 230 patients (5 to 58 years of age) with sickle cell anemia or sickle β°-thalassemia who had 2 or more painful crises within 12 months prior to enrollment. Eligible patients stabilized on hydroxyurea for at least 3 months continued their therapy throughout the study. The trial excluded patients who had received blood products within 3 weeks, had renal insufficiency or uncontrolled liver disease, or were pregnant (or planning pregnancy) or lactating. Study patients received Endari® or placebo for a treatment duration of 48 weeks followed by 3 weeks of tapering.

Efficacy was demonstrated by a reduction in the number of sickle cell crises through Week 48 and prior to the start of tapering among patients that received Endari® compared to patients who received placebo. A sickle cell crisis was defined as a visit to an emergency room/medical facility for sickle cell disease-related pain which was treated with a parenterally administered narcotic or parenterally administered ketorolac. In addition, the occurrence of acute chest syndrome, priapism, and splenic sequestration were considered sickle cell crises. Treatment with Endari® also resulted in fewer hospitalizations due to sickle cell pain at Week 48, fewer cumulative days in hospital, longer time until first sickle cell crisis and a lower incidence of acute chest syndrome.

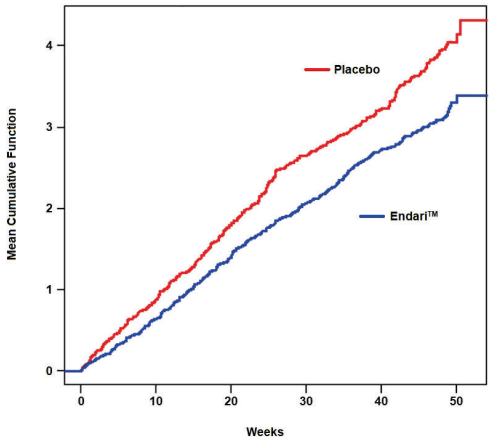
***Table 1. Results from the Endari® Clinical Trial in Sickle Cell Disease***

| | **Endari®** | **Placebo** |
|---|---|---|
| **Event** | **(n = 152)** | **(n = 78)** |
| Median number of sickle cell crises (min, max)[1] | 3 (0, 15) | 4 (0, 15) |
| Median number of hospitalizations for sickle cell pain (min, max)[1] | 2 (0, 14) | 3 (0, 13) |
| Median cumulative days hospitalized (min, max)[1,] | 6.5 (0, 94) | 11 (0, 187) |
| Median time (days) to first sickle cell crisis (95% CI) [1,2] | 84 (62, 109) | 54 (31, 73) |
| Patients with occurrences of acute chest syndrome (%)[1] | 13 (8.6%) | 18 (23.1%) |

1. Measured through 48 weeks of treatment.
2. Hazard Ratio=0.69 (95% CI=0.52, 0.93), estimated based on unstratified Cox's proportional model. Median time and 95% CI were estimated based on the Kaplan Meier method.

The recurrent crisis event time analysis (Figure 1) yielded an intensity rate ratio (IRR) value of 0.75 with 95% CI= (0.62, 0.90) and (0.55, 1.01) based on unstratified models using the Andersen-Gill and Lin, Wei, Yang and Ying methods, respectively in favor of Endari®, suggesting that over the entire 48- week period, the average cumulative crisis count was reduced by 25% from the Endari® group over the placebo group.

***Figure 1. Recurrent Event Time for Sickle Cell Crises by Treatment Group***




Endari® was studied in 2 placebo-controlled clinical trials (a phase 3 study, n=230 and a phase 2 study, n=70). In these trials, patients with sickle cell anemia or sickle β0-thalassemia were randomized to receive Endari® (n=187) or placebo (n=111) orally twice daily for 48 weeks followed by 3 weeks of tapering. Both studies included pediatric and adult patients (5-58 years of age) and 54% were female.

Treatment discontinuation due to adverse reactions was reported in 2.7% (n=5) of patients receiving Endari®. These adverse reactions included one case each of hypersplenism, abdominal pain, dyspepsia, burning sensation, and hot flash.

**Commercialization and Distribution**

***United States***

We have contracted with ASD Healthcare LLC, a Cencora Inc., formerly known as AmerisourceBergen Corporation companies, McKesson Plasma and Biologics LLC, a McKesson Corporation company, Cardinal Health 108, LLC, a Cardinal Health Inc. company, and CVS Caremark, L.L.C., a CVS Health Corporation company, to distribute Endari® to selected pharmacies and hospitals. ASD Healthcare, McKesson Corporation, Cardinal Health, Inc and Caremark are the four largest specialty distributors of prescription drugs in the U.S.

Each of our largest distributors mentioned above accounts for more than 10% of net revenue for the year ended December 31, 2025. On a combined basis, these distributors accounted for approximately 62% of net revenue in 2025.

We have a Commercial Patient Assistance Program (C-PAP) to provide financial assistance to eligible patients who are unable to afford their monthly co-payments for Endari®. We also maintain the Endari® Patient Support Program to provide eligible patients with access to Endari® where appropriate.

Following the Effective Date of the License Agreement with NIT, our revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the territory.

***Outside the United States***

We have entered into exclusive distribution agreements with strategic partners to register, commercialize and distribute Endari® in the Gulf Cooperation Council countries, or GCC, and other countries throughout the MENA region in collaboration with our branch office in Dubai. Marketing authorizations have been approved in the United Arab Emirates (March 2022), Qatar (November 2022), Kuwait (December 2022), Bahrain (May 2023) and Oman (July 2023) and our application for marketing authorization is pending in the KSA.

We are party to an exclusive early access agreement pursuant to which our strategic partner distributes Endari® on an early access basis in France, the Netherlands and the U.K.

We also may seek future collaborations with other pharmaceutical or biotechnology companies and identify potential licensees and other international opportunities to commercialize Endari®, if approved by foreign regulatory authorities.

**Research and Development**

We incurred $0.3 million and $0.7 million of research and development expenses in 2025 and 2024, respectively. The decrease was primarily due to suspension of further research and development activities in late 2024. Depending on the availability of funds, we may resume research and development of our existing product candidates in the future, and we may seek to acquire rights to one or more new product candidates.

**Raw Materials and Manufacturing**

The active pharmaceutical ingredient in Endari® is prescription grade L-glutamine ("PGLG") oral powder, which differs from non-prescription grade L-glutamine widely available as a nutritional supplement. Endari® is differentiated from ordinary L-glutamine by several factors, including the presence of a Drug Master File, oversight of purity and manufacturing at FDA inspected facilities, and stringent stability tested packaging. There are limited suppliers of PGLG worldwide, and we currently obtain substantially all our PGLG, directly or indirectly, from Ajinomoto Health and Nutrition North America, Inc. ("Ajinomoto"), a subsidiary of Ajinomoto North American Holdings, Inc.

Ajinomoto provided PGLG to us free of charge for our clinical trials of Endari®, including our Phase 3 trial. In return, we undertook to purchase from Ajinomoto substantially all our commercial needs for PGLG, subject to certain exceptions; however, we have no long-term supply agreement with Ajinomoto. We will continue to be dependent on Ajinomoto for supplies of Endari® under our exclusive supply agreement with NIT and our distribution and sales in the MENA region.

On June 16, 2017, we entered into an API supply agreement with Telcon (formerly, Telcon, Inc.), a South Korea-based company, pursuant to which Telcon paid us approximately ₩36.0 billion KRW (approximately $31.8 million) in consideration of the right to supply 25% of our requirements for bulk containers of PGLG for a 15-year term. The amount was recorded as a deferred trade discount. The API supply agreement provides for target annual revenue of more than $5,000,000 and annual "profit" (*i.e.*, sales margin) to Telcon of at least $2,500,000 commencing in 2018. On July 12, 2017, we entered into a raw material supply agreement with Telcon which revised certain terms of the API supply agreement, which we refer to as the "revised API agreement." The revised API agreement is effective for a term of five years and will renew automatically for 10 successive one-year renewal periods, except as either party may determine. In the revised API agreement, we have agreed to purchase a cumulative total of $47.0 million of PGLG over the term of the agreement. In September 2018, we entered into an agreement with Ajinomoto and Telcon to facilitate Telcon's purchase of PGLG from Ajinomoto for resale to us under the revised API agreement. The PGLG raw material purchased from Telcon is recorded in inventory at net realizable value and the excess purchase price is recorded against deferred trade discount.

Our obligations under the agreements with Telcon are secured by a pledge of a convertible bond of Telcon purchased by us under a Convertible Bond Purchase Agreement dated September 28, 2020. See Notes 3, 5, 11 and 12 of the Notes to Consolidated Financial Statements in this Annual Report for more information regarding our obligations under the various agreements with Telcon.

Endari® and any other commercial products we develop must be manufactured and packaged by facilities that meet FDA requirements for cGMP. We believe that Ajinomoto and the packager of Endari® meet FDA cGMP. Previous compliance with cGMP, however, does not guarantee future compliance. We have no long-term agreement with Ajinomoto. We may seek to enter into long-term supply agreements in the future and to establish one or more arrangements with alternative suppliers.

Historically, we have relied upon a single packager of Endari® with which we have no firm commitment to continue its services. The packager repeatedly delayed the packaging of Endari® originally scheduled for December 2023, which resulted in a severe shortage of finished goods inventory and materially, adversely affected our Endari® sales in 2024. Although we believe we have sufficient finished goods inventory on hand, we have engaged a new source of packaging to avoid similar problems in the future. There is no assurance that we can retain suitable packaging sources or, if we do, that we will not experience delays in the production of finished goods or future shortages of Endari®. We will be dependent on our packager for supplying Endari® under our exclusive supply agreement with NIT and our distribution and sales in the MENA region.

**Competition**

The biopharmaceutical industry is highly competitive and subject to rapid and significant technological change. We face potential competition from both large and small pharmaceutical and biotechnology companies, academic institutions, governmental agencies (such as the National Institutes of Health) and public and private research institutions. Many of our competitors and potential competitors have far greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, marketing and selling approved products. Historically, for example, we have had insufficient financial resources to engage in meaningful advertising or marketing of Endari®. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future. The key competitive factors affecting the success of each of our product candidates, if approved, are likely to be their safety, efficacy, convenience, price, the level of proprietary and generic competition, and the availability of coverage and reimbursement from government and other third-party payors. Our Endari® sales may suffer or our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer or more effective, have fewer or less severe side effects, or are more convenient or less expensive than any products that we may develop. Our competitors may also obtain FDA or other regulatory approval for their product candidates more rapidly than we may be able to do so for any existing or new product candidates of ours, which could result in their establishing a strong market position before we are able to enter the market.

*Sickle Cell Disease*

Endari® is approved as a therapy to reduce the acute complications of SCD in adult and pediatric patients 5 years of age and older. The other drugs which are indicated to treat sickle cell disease are hydroxyurea (marketed as DROXIA or Hydrea by Bristol-Myers Squibb Company and available in generic form), which is approved to reduce the frequency of painful crises and need for blood transfusions in patients with sickle cell anemia for the treatment of adults with SCD; Voxelotor (marketed

as Oxbryta™ by Pfizer Inc.) tablets for the treatment of SCD in adults and children 4 years of age and older; which Pfizer subsequently withdrew from the market due to safety concerns, and crizanlizumab (marketed as Adakveo® by Novartis International AG) intravenous infusion approved to reduce the frequency of VOCs in adult and pediatric patients ages 16 years and older with SCD. Several companies are also developing product candidates for chronic treatment in SCD, and several other companies are in clinical trials to investigate new treatments for SCD.

Endari® also faces potential competition from one-time therapies for treating patients with severe SCD, including LentiGlobin BB305, which is being developed by bluebird bio, Inc. to treat SCD by inserting a functional human beta-globin gene into a patient's hematopoietic stem cells, or HSCs, *ex vivo* and then transplanting the modified HSCs into the patient's bloodstream. Bluebird has indicated its plans to pursue an accelerated development and approval pathway for its gene therapy product in SCD. Others are seeking to develop one-time therapies such as hematopoietic stem cell transplantation, gene therapy and gene editing, including Casgevy, a groundbreaking CRISPR-based gene editing therapy from Vertex Pharmaceuticals and CRISPR Therapeutics approved by the FDA in December 2023, and a second recently approved treatment using conventional gene therapy, bluebird bio's lentiviral therapy, Lyfgenia. It is too early to predict the impact of these new treatments, but their availability may adversely affect the market for Endari® in the U.S. and elsewhere.

We are also aware of efforts to develop cures for SCD through approaches such as bone marrow treatments. Although bone marrow transplant is currently available for SCD patients, its use is limited by the lack of availability of matched donors and by the risk of serious complications, including graft versus host disease and infection.

The marketing exclusivity of Endari® in the U.S. afforded by its Orphan Drug designation expired in July 2024 and, on July 15, 2024, ANI Pharmaceuticals, Inc., or ANI. announced the launch of its L-Glutamine Oral Powder, a generic version of Endari®, following final approval of its Abbreviated New Drug Application from the U.S. Food and Drug Administration. Management believes that the introduction of ANI's generic product or other generic versions of L-Glutamine oral powder has adversely affected Endari® sales and is likely to adversely affect the reimbursement rates that Medicare, Medicaid and third-party payors are willing to pay for Endari®, which could have a material, adverse effect on our future net revenues.

Endari® also competes with non-prescription grade L-glutamine, which is widely available as a dietary supplement at substantially lower prices than Endari®. Dietary supplements may be marketed without FDA approval, are generally not reimbursed by payors and are not subject to the rigorous quality control standards required by regulatory authorities for prescription drug products. Also, unlike prescription drugs, manufacturers of dietary supplements may not make claims that the supplements will cure, mitigate, treat or prevent disease, and we are not aware of any reports in peer-reviewed literature regarding the effectiveness of non-prescription grade L-glutamine supplements in treating SCD in controlled clinical trials.

**Government Regulation**

Under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act ("FD&C Act"), a person may submit an NDA for which one or more of the clinical studies relied upon by the applicant for approval were not conducted by or for the applicant and for which the applicant does not have a right of reference or use from the person by or for whom the clinical studies were conducted. Instead, a 505(b)(2) applicant may rely on published literature containing the specific information (*e.g.*, clinical trials, animal studies) necessary to obtain approval of the application. The applicant may also rely on the FDA's finding of safety and/or effectiveness of a drug previously approved by the FDA when the applicant does not own or otherwise have the right to access the data in that previously approved application. The 505(b)(2) pathway to marketing authorization thus allows an applicant to submit a NDA without having to conduct its own studies to obtain data that are already documented in published reports or previously submitted NDAs. In addition to relying on safety data from the Phase 2 and 3 studies of Endari®, we intend to take advantage of the 505(b)(2) pathway to the extent published literature will further support any NDA for PGLG.

Regulation by United States and foreign governmental authorities is a significant factor in the development, manufacture and expected marketing of our product candidates and in our ongoing research and development activities. The nature and extent to which such regulation will apply to us will vary depending on the nature of the product candidates we seek to develop.

Human therapeutic products, such as drugs, biologics and cell-based therapies, are subject to rigorous preclinical and clinical testing and other preapproval requirements of the FDA and similar regulatory authorities in other countries. Various federal and state statutes and regulations govern and influence pre- and post-approval requirements related to research, testing, manufacturing, labeling, packaging, storage, distribution and record keeping of such products to ensure the safety and effectiveness for their intended uses. The process of obtaining marketing approval and ensuring post approval compliance with the FD&C Act for drugs and biologics (and applicable provisions of the Public Health Service Act for biologics), and the regulations promulgated thereunder, and other applicable federal and state statutes and regulations, requires substantial

time and financial resources. Any failure by us or our collaborators to obtain, or any delay in obtaining, marketing approval could adversely affect the marketing of any of our product candidates, our ability to receive product revenues, and our liquidity and capital resources.

The manufacture of these products is subject to cGMP regulations. The FDA inspects manufacturing facilities for compliance with cGMP regulations before deciding whether to approve a product candidate for marketing.

The steps required by the FDA before a new product, such as a drug, biologic or cell-based therapy, may be marketed in the United States include:

- completion of preclinical studies (during this stage, the treatment is called a development candidate);
- the submission to the FDA of a proposal for the design of a clinical trial program for studying in humans the safety and effectiveness of the product candidate. This submission is referred to as an IND. The FDA reviews the IND to ensure it adequately protects the safety and rights of trial participants and that the design of the studies is adequate to permit an evaluation of the product candidate's safety and effectiveness. The IND becomes effective within thirty days after the FDA receives the IND, unless the FDA notifies the sponsor that the investigations described in the IND are deficient and cannot begin;
- the conduct of adequate and well controlled clinical trials, usually completed in three phases, to demonstrate the safety and effectiveness of the product candidate for its intended use;
- the submission to the FDA of a marketing application, a NDA, if the product candidate is a drug, that provides data and other information to demonstrate the product is safe and effective for its intended use ("BLA"), if the product candidate is a biologic that provides data and other information to demonstrate that the product candidate is safe, pure, and potent; and
- the review and approval of the NDA by the FDA before the product candidate may be distributed commercially as a product.

In addition to obtaining FDA approval for each product candidate before we can market it as a product, the manufacturing establishment from which we obtain it must be registered and is subject to periodic FDA post approval inspections to ensure continued compliance with cGMP requirements. If, as a result of these inspections, the FDA determines that any equipment, facilities, laboratories, procedures or processes do not comply with applicable FDA regulations and the conditions of the product approval, the FDA may seek civil, criminal, or administrative sanctions and/or remedies against us, including the suspension of the manufacturing operations, recalls, the withdrawal of approval and debarment. Manufacturers must expend substantial time, money and effort in the area of production, quality assurance and quality control to ensure compliance with these standards.

Preclinical testing includes laboratory evaluation of the safety of a product candidate and characterization of its formulation. Preclinical testing is subject to Good Laboratory Practice ("GLP") regulations. Preclinical testing results are submitted to the FDA as a part of an IND which must become effective prior to commencement of clinical trials. Clinical trials are typically conducted in three sequential phases following submission of an IND. In Phase 1, the product candidate under investigation (and therefore often called an investigational product) is initially administered to a small group of humans, either patients or healthy volunteers, primarily to test for safety (*e.g.*, to identify any adverse effects), dosage tolerance, absorption, distribution, metabolism, excretion and clinical pharmacology, and, if possible, to gain early evidence of effectiveness. In Phase 2, a slightly larger sample of patients who have the condition or disease for which the investigational product is being studied receive the investigational product to assess the effectiveness of the investigational product, to determine dose tolerance and the optimal dose range, and to gather additional information relating to safety and potential adverse effects. If the data show the investigational product may be effective and has an acceptable safety profile in the targeted patient population, Phase 3 studies, also referred to as pivotal studies or enabling studies, are initiated to further establish clinical safety and provide substantial evidence of the effectiveness of the investigational product in a broader sample of the general patient population, to determine the overall risk benefit ratio of the investigational product, and provide an adequate basis for physician and patient labeling. During all clinical studies, Good Clinical Practice ("GCP") standards and applicable human subject protection requirements must be followed. The results of the research and product development, manufacturing, preclinical studies, clinical studies, and related information are submitted in a NDA to the FDA.

The process of completing clinical testing and obtaining FDA approval for a new therapeutic product, such as a drug, biologic or cell-based product, is likely to take years and require the expenditure of substantial resources. If a NDA is submitted, there can be no assurance that the FDA will file, review, and approve it. Even after initial FDA approval has been obtained, post market studies could be required to provide additional data on safety or effectiveness. Additional pivotal

studies would be required to support adding other indications to the labeling. Also, the FDA will require post market reporting and could require specific surveillance or risk mitigation programs to monitor for known and unknown side effects of the product. Results of post marketing programs could limit or expand the continued marketing of the product. Further, if there are any modifications to the product, including changes in indication, manufacturing process, labeling, or the location of the manufacturing facility, a NDA supplement would generally be required to be submitted to the FDA prior to or corresponding with that change, or for minor changes in the periodic safety update report that must be submitted annually to the FDA.

The rate of completion of any clinical trial depends upon, among other factors, sufficient patient enrollment and retention. Patient enrollment is a function of many factors, including the size of the patient population, the nature of the trial, the number of clinical sites, the availability of alternative therapies, the proximity of patients to clinical sites, and the eligibility and exclusion criteria for the trial. Delays in planned patient enrollment might result in increased costs and delays. Patient retention could be affected by patient noncompliance, adverse events, or any change in circumstances making the patient no longer eligible to remain in the trial.

Failure to adhere to regulatory requirements for the protection of human subjects, to ensure the integrity of data, other IND requirements, and GCP standards in conducting clinical trials could cause the FDA to place a "clinical hold" on one or more studies of a product candidate, which would stop the studies and delay or preclude further data collection necessary for product approval. Noncompliance with GCP standards would also have a negative impact on the FDA's evaluation of a NDA. If at any time the FDA finds that a serious question regarding data integrity has been raised due to the appearance of a wrongful act, such as fraud, bribery or gross negligence, the FDA may invoke its Application Integrity Policy ("AIP") under which it could immediately suspend review of any pending NDA or refuse to accept the submission of a NDA as filed, require the sponsor to validate data, require additional clinical studies, disapprove a pending NDA or withdraw approval of marketed products, as well as require corrective and preventive action to ensure data integrity in future submissions. Significant noncompliance with IND regulations could result in the FDA not only refusing to accept a NDA as filed but could also result in enforcement actions, including civil and administrative actions, civil money penalties, criminal prosecution, criminal fines and debarment. Whether or not FDA approval has been obtained, approval of a product by regulatory authorities in foreign countries must be obtained prior to the commencement of marketing the product in those countries.

The requirements governing the conduct of clinical trials and product approvals vary widely from country to country, and the time required for approval might be longer or shorter than that required for FDA approval. Although there are some procedures for unified filings for some European countries, in general, each country at this time has its own procedures and requirements.

In most cases, if the FDA has not approved a product candidate for sale in the United States, the unapproved product may be exported to any country in the world for clinical trial or sale if it meets U.S. export requirements and has marketing authorization in any listed country without submitting an export request to the FDA or receiving FDA approval to export the product, as long as the product meets the regulatory requirements of the country to which the product is being exported. Listed countries include each member nation in the European Union or the European Economic Area, Canada, Australia, New Zealand, Japan, Israel, Switzerland and South Africa. If an unapproved product is not approved in one of the listed countries, the unapproved product may be exported directly to an unlisted country if the product meets the requirements of the regulatory authority of that country, and the FDA determines that the foreign country has statutory or regulatory requirements similar or equivalent to the United States.

In addition to the regulatory framework for product approvals, we and our collaborative partners must comply with federal, state and local laws and regulations regarding occupational safety, laboratory practices, the use, handling and disposition of radioactive materials, environmental protection and hazardous substance control, and other local, state, federal and foreign regulation. All facilities and manufacturing processes used by third parties to produce our product candidates for clinical use in the United States and our products for commercialization must comply with cGMP requirements and are subject to periodic regulatory inspections. The failure of third-party manufacturers to comply with applicable regulations could extend, delay or cause the termination of clinical trials conducted for our product candidates or the withdrawal of our products from the market. The impact of government regulation upon us cannot be predicted and could be material and adverse. We cannot accurately predict the extent of government regulation that might result from future legislation or administrative action.

**Patents, Proprietary Rights and Know-How**

We rely on a combination of trademark rights, trade secret protection, distribution agreements, manufacturing agreements, manufacturing capability and other unpatented proprietary information to protect our intellectual property rights. While we do not currently own any issued patents directed to the treatment of sickle cell anemia, we do own patent applications in that

area, as well as issued patents and patent applications directed to the treatment of diverticulosis, diabetes and hypertriglyceridemia. Endari® has been granted Orphan Medicinal status in the European Union, or EU, which, if Endari® is approved in the EU, will afford ten years marketing exclusivity from the approval date.

We also rely on employee agreements to protect the proprietary nature of our products. We require that our officers and key employees enter into confidentiality agreements that require these officers and employees to keep confidential and not to use our proprietary information and to assign to us the rights to any inventions developed by them during their employment with us.

*Patents*

We have issued patents related to compositions including PGLG and methods involving administration of PGLG for the treatment of diverticulosis in the United States, Europe, Japan, Australia, India, Mexico, China, Indonesia, Korea and Russia. Associated patent applications are currently pending in the United States, the EU, Brazil, Korea and Russia.

*License Agreements*

On October 7, 2021, we entered into a License Agreement with Kainos Medicine, Inc., or Kainos, under which Kainos granted us an exclusive license in the territory encompassing the U.S., the U.K. and the EU to patent rights, know-how and other intellectual property relating to Kainos's IRAK4 inhibitor, referred to as KM10544, for the treatment of cancers, including leukemia, lymphoma and solid tumor cancers. In consideration of the license, we paid Kainos a six-figure upfront fee in cash and agreed to make future cash payments upon the achievement of specified milestones totaling in the mid-eight figures, a single-digit percentage royalty based on net sales of the licensed products and a similar percentage of any sublicensing consideration. The License Agreement will continue on a licensed product-by-licensed product and country-by-country basis until the last to expire valid claim of any licensed patent in such country.

See the discussion under "Business – Overview," above for a description or our License and Exclusive Distribution Agreement with NeoImmuneTech, Inc. or NIT, and related agreements.

*Trademarks*

We hold U.S. trademark registrations for "Emmaus Medical" and "Endari®" and a trademark registration for "Xyndari™" (as Endari® will be marketed if approved) in the EU. This Annual Report also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, these trademarks, service marks, trade names and copyrights may appear without the® or TM symbols, but such references are not intended to indicate that we or the other owners do not assert, to the fullest extent under applicable law, our rights, or the rights of any licensor to the same.

**Employees**

As of December 31, 2025, we had 33 employees globally, 32 of whom were full-time. Since then, NIT has hired four of our full-time sales personnel, which reduced our total number of full-time employees to 28. We have not experienced any work stoppages and we consider our relations with our employees to be good.

**Corporate Information**

We were incorporated in Delaware on March 20, 1987 under the name Age Research, Inc. Prior to January 16, 2007, our company (then called Strativation, Inc.) existed as a "shell company" with nominal assets and whose sole business was to identify, evaluate and investigate various companies to acquire or with which to merge. On January 16, 2007, we entered into an Agreement and Plan of Merger with CNS Response, Inc., and CNS Merger Corporation, our wholly owned subsidiary, pursuant to which CNS Merger Corporation merged with and into CNS Response, Inc., which survived the merger. On March 7, 2007, we changed our corporate name to CNS Response, Inc. On November 2, 2015, we changed our corporate name to MYnd Analytics, Inc. On July 17, 2019, we completed our merger transaction with EMI Holding, Inc., formerly known as Emmaus Life Sciences, Inc. ("EMI"), with EMI surviving as our wholly owned subsidiary. On July 17, 2019, immediately following the merger, we changed our name to "Emmaus Life Sciences, Inc."

Our principal executive offices and corporate offices are located at 21250 Hawthorne Boulevard, Suite 800, Torrance, California, and our telephone number at that address is (310) 214-0065. We maintain an Internet website at the following address: www.emmausmedical.com. The information on our website is not incorporated by reference in this Annual Report or in any other filings we make with the Securities and Exchange Commission ("SEC").

## ITEM 1A. RISK FACTORS

### Risks Related to Our Business

***We have operated at a loss and may continue to operate at a loss for the foreseeable future.***

We realized comprehensive loss of $7.2 million for the year ended December 31, 2025, compared to comprehensive loss of $9.3 million for the year ended December 31, 2024, and have historically operated at a loss due to substantial expenditures related to repayment of our outstanding indebtedness, commercialization of Endari®, pursuit of marketing authorization of Endari® outside the U.S., and general and administrative expenses. There is no assurance that we will be able to attain sustainable profitability or that we will have sufficient capital resources to fund our operations and repay our existing indebtedness until we are able to generate sufficient cash flow from operations.

***We are dependent on restructuring or refinancing our existing indebtedness and on new financing to sustain our operations, and there is substantial doubt regarding our ability to continue as a going concern.***

The consolidated financial statements included in this Annual Report have been prepared on the basis that the company will continue as a going concern. We had cash and cash equivalents of $2.1 million and a working capital deficit of $61.3 million at December 31, 2025. Management expects that the company's current liabilities and operating expenses, including debt service on our existing indebtedness and the expected costs relating to the commercialization of Endari® in the MENA region and elsewhere, will exceed our existing cash balances and cash expected to be generated from operations for the foreseeable future. To meet the company's current liabilities and operating expenses, we will need to restructure or refinance our existing indebtedness and raise additional funds through related-party loans, third-party loans, equity and debt financings or licensing or other strategic arrangements. We have no understanding or arrangement to further extend the maturity of the convertible promissory notes or to restructure or refinance our other existing indebtedness or for any additional financing, except for the upfront fee commitment under licensing agreement with NIT. There can be no assurance that the company will be able to repay on maturity, restructure or refinance its existing indebtedness or complete any additional equity or debt financings on favorable terms, or at all, or enter into licensing or other strategic arrangements such as a merger or acquisition. If we are unable to do so, we may seek to restructure the company in bankruptcy, or otherwise. Due to the uncertainty of our ability to meet our current liabilities and operating expenses, there is substantial doubt about the company's ability to continue as a going concern for 12 months from the date of issuance of the consolidated financial statements contained in this Annual Report, and the report of our independent public accounting firm on our consolidated financial statements as of and for the year ended December 31, 2025 contains a going concern explanatory paragraph. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

***We recently changed our strategy for commercialization of Endari® in the U.S., the effectiveness of which is subject to certain conditions and which may not prove successful, and our historical results of operations are no indication of our future performance.***

In December 2025, we entered into a License and Exclusive Distribution Agreement, or License Agreement, with NeoImmuneTech, Inc., or NIT, pursuant to which we granted NIT, subject to the occurrence of the "Effective Date" of the License Agreement, an exclusive license to our rights to market, sell, and distribute Endari® and any generic equivalents we may develop in sickle cell disease, or the field, in the U.S. and its territories and possessions and Canada, or the territory, in exchange for a refundable upfront cash payment, a double digit percentage royalty on NIT's sales of the licensed products and a double digit percentage of any NIT sublicenses of rights to the products. Of the upfront payment, somewhat less than half was paid in cash upon execution of the License Agreement, with the balance payable in cash upon the Effective Date.

In connection with the License Agreement, we and NIT will enter into an exclusive supply arrangement pursuant to which we will agree to supply exclusively to NIT, and NIT will agree, subject to certain exceptions, to purchase exclusively from us all NIT's requirements for the products in the field in the territory at a purchase price based upon our cost of production plus a specified double digit percentage margin.

Pending the Effective Date, NIT has hired selected members of our U.S. sales force and we have entered into a sales services agreement with NIT under which it will render to us sales and marketing services for Endari® in the field in the territory in exchange for our payment of quarterly fees in the low-to-mid six figures. We will continue to realize all revenues from sales of Endari® in the territory pending the Effective Date.

The Effective Date is subject to NIT's obtaining the necessary regulatory approvals and licensing to sell and distribute the licensed products and other specified conditions, and there is no assurance that the Effective Date will occur. The License

Agreement may be terminated by either party if the Effective Date has not occurred by the October 1, 2026, subject to certain exceptions, in which case all rights to the licensed products will revert to us. Once the Effective Date occurs, the rights granted to NIT under the License Agreement will become nonexclusive if NIT fails to generate annual minimum sales of the licensed products in the low seven figures. Following the Effective Date, the License Agreement may be terminated by either party in the event of a breach by the other party and other specified events.

We have agreements in place with the nation's leading distributors, as well as physician group purchasing organizations and pharmacy benefits managers, making Endari® available at selected retail and specialty pharmacies nationwide which are expected to be assigned and assumed by NIT in connection with the Effective Date of the License Agreement. There is no assurance that the agreements will be assigned to NIT or that it will be able to establish similar agreements, which would have a material, adverse effect on NIT's purchase of products from us under the exclusive supply agreement and royalties payable to us in connection with NIT's sale of products.

Following the Effective Date of the License Agreement, our revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the territory. NIT has no experience is marketing brand name or generic pharmaceuticals in the U.S., or elsewhere, and if the Effective Date occurs there is no assurance that it will be able to successfully market and distribute Endari® or other licensed products. If the Effective Date does not occur, we will consider alternative strategies for marketing and selling Endari® and any generic equivalents we may develop in the U.S. and other markets in the territory. We have no understanding or arrangement with respect to any alternative strategy, and there is no assurance that we would be able to reestablish our internal sales force or implement an alternative strategy for commercial operations in the U.S. if the Effective Date does not occur.

For the foregoing reasons, our historical results of operations are unlikely to be an indication of our future performance.

***We are dependent on the commercial success of our only product, Endari®.***

Our ability to become profitable will depend upon the commercial success of Endari®, which in turn will depend on the success of NIT in marketing and selling Endari® primarily in the U.S. and on the success of our exclusive distributors in marketing and selling Endari® in the MENA region. If the Effective Date of the License Agreement with NIT does not occur, we will consider alternative strategies for marketing and selling Endari® and any generic equivalents we may develop in the U.S. and other markets in the territory. NIT has no experience is marketing brand name or generic pharmaceuticals in the U.S. or elsewhere, and if the Effective Date occurs there is no assurance that it will be able to successfully market and distribute Endari® or other licensed products.

In addition to the risks discussed elsewhere in this section, our ability to generate future revenues from Endari® sales or sales royalties will depend on a number of factors, including, but not limited to:

- the efficacy and safety of Endari®;
- the achievement of broad market acceptance and our ability to obtain adequate reimbursement by third-party payors for Endari®;
- the effectiveness of NIT and our distribution partners and other efforts in successfully marketing and selling Endari®;
- Our distributors' ability to effectively work with physicians to ensure that their patients have access to Endari® and fill and refill prescriptions to adhere to their twice daily regimen;
- Endari®'s ability to compete effectively against competing products, including hydroxyurea, ADAKVEO® (crizanlizumab), ANI Pharmaceuticals, Inc.'s L-Glutamine Oral Powder generic version of Endari® and other potential generic products;
- our contract manufacturers' ability to successfully manufacture commercial quantities of Endari® at acceptable cost levels and in compliance with regulatory requirements; and
- our ability to comply with ongoing regulatory requirements.

Because of the numerous risks and uncertainties associated with our commercialization efforts, we are unable to predict the extent of revenues we will generate from Endari® sales or sales royalties or the timing for when or the extent to which we will become profitable, if ever. Even if we do achieve increased net revenues from Endari® sales and become profitable, we may not be able to sustain our revenues or maintain or increase our profitability on an ongoing basis.

***Endari® faces intense competition from treatments of companies with greater resources than us, and if our competitors are successful in marketing or developing alternative treatments, our commercial opportunities may be reduced or eliminated.***

The pharmaceutical industry is characterized by rapidly advancing technologies, intense competition and a strong emphasis on developing proprietary therapeutics. Endari® faces competition from a number of sources, some of which may target the same indication as Endari®, such as pharmaceutical companies, including generic drug companies, biotechnology companies, drug delivery companies and academic and research institutions, many of which have greater financial resources, marketing capabilities, including well-established sales forces, manufacturing capabilities, research and development capabilities, experience in obtaining regulatory approvals for product candidates than do we. For example, in late 2019, the FDA approved a biological license application, or BLA, submitted by Novartis for marketing of ADAKVEO® (crizanlizumab-tmca) to reduce the frequency of vaso-occlusive crises in adults and pediatric patients aged 16 years and older with SCD. ADAKVEO®, administered by intravenous infusion every four weeks, is a humanized IgG2k monoclonal antibody that binds to P-selectin. In December 2023, Casgevy, a CRISPR-based gene editing therapy from Vertex Pharmaceuticals and CRISPR Therapeutics was approved for marketing by the FDA, and a second treatment using conventional gene therapy, Genetix Biotherapeutics' (formarly known as Bluebird Bio) lentiviral therapy, Lyfgenia, also has been approved for marketing by the FDA. If we and NIT and our distributors are unable to compete effectively or successfully position Endari® as a complement to alternative therapies, Endari® sales and sales royalties and our results of operation may suffer, which could have a material, adverse effect on our financial condition. Endari® also faces competition from hydroxyurea, ANI Pharmaceuticals, Inc.'s L-Glutamine Oral Powder generic version of Endari® and other potential generic version of Endari®, and from non-prescription grade L-glutamine supplements. Non-prescription grade L-glutamine is manufactured in large quantities, primarily by a few large chemical companies, and processed and sold as a nutritional supplement. The sale of generic prescription-grade or non-prescription grade L-glutamine products or non-prescription grade L-glutamine nutritional supplements at prices lower than the prices that we charge for Endari® could have a material adverse effect on our future sales and net revenues and our results of operations and financial condition.

***If we or NIT are unable to achieve and maintain adequate levels of coverage and reimbursement for Endari®, on reasonable pricing terms, its commercial success may be severely hindered.***

Sales of Endari® depend on the availability of adequate coverage and reimbursement from third-party payors and governmental healthcare programs, such as Medicare and Medicaid in the U.S. and government payors in the MENA region. Patients who are prescribed medicine for the treatment of their conditions generally rely on third-party payors to reimburse all or a significant part of the costs associated with their prescription drugs. Coverage determination depends on financial, clinical and economic outcomes that often disfavors new drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available. Although Endari® currently is reimbursable by the Centers for Medicare and Medicaid Services, and every state provides coverage for Endari® for outpatient prescriptions to all eligible Medicaid enrollees within their state Medicaid programs, NIT may not be able to maintain Medicare and Medicaid coverage for Endari® and the reimbursement amounts are subject to change and may not be adequate and may require higher co-payments that patients find unacceptable. The Company also has negotiated reimbursement rates for Endari® in the MENA region which are comparable to Medicare and Medicaid reimbursement rates. Patients are unlikely to use Endari® unless reimbursement is adequate to cover a significant portion of the cost of Endari®. Future coverage and reimbursement rates will likely be subject to increased scrutiny from payors in the U.S. and perhaps government payors in the MENA region. Third-party coverage and reimbursement for Endari® may cease to be available or to be adequate, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

The market for Endari® also depends on access to third-party payors' drug formularies, which are lists of medications for which third-party payors provide coverage and reimbursement. The competition in the industry to be included in such formularies may lead to downward pricing pressure on us. Also, third-party payors may refuse to include Endari® in their formularies or otherwise restrict patient access to Endari® if a less costly generic equivalent or other alternative treatment is available. In this regard, Medicare and Medicaid reimbursement rate for branded products such as Endari® are subject to decrease to the cost of comparable generic versions of the products such as ANI's L-Glutamine Oral Powder or other generic versions of Endari®. The introduction of ANI's generic product has adversely affected Endari® sales in the U.S. and is likely to adversely affect the reimbursement rates that Medicare, Medicaid and third-party payors are willing to pay for Endari®, which could have a material, adverse effect on future sales of Endari® by NIT and our results of operations. It is also possible that ANI or other generic maker will seek to introduce generic versions of Endari® in the MENA region.

Sales of Endari® in the MENA region are subject to lengthy reimbursement terms compared to U.S. sales, and management expects that our accounts receivable aging will be adversely affected by such terms as sales in the MENA region increase compared to our historical experience.

***The majority of Endari® sales are to a few customers and the loss of a customer could adversely affect our results of operations.***

We sell, and NIT intends to continue to sell, Endari® to specialty distributors and specialty pharmacies which, in turn, resell Endari® to pharmacies, hospitals and other customers. Four of our distributors accounted for approximately 62% of Endari® sales in the year ended December 31, 2025. The loss of any of these distributors or a material reduction in their Endari® purchases could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, the distribution network for pharmaceutical products in the U.S. has undergone, and may continue to undergo, significant consolidation marked by mergers and acquisitions. As a result, a smaller number of large distributors control a significant share of the market, which has increased, and may continue to increase, competitive and pricing pressures on pharmaceutical products. There is no assurance that we can manage these pricing pressures or that specialty distributor and specialty pharmacy purchases will not fluctuate unexpectedly from period to period.

***The market exclusivity for Endari® for SCD in the U.S. expired in July 2024 and Endari® has no or limited market exclusivity in the MENA region, which lack of exclusivity could adversely affect our Endari® sales and results of operations in the U.S. and in the MENA region.***

The exclusivity protections that protect Endari® for use for SCD are limited in ways that may affect our ability to effectively exclude third parties from competing against us. In particular:

- Orphan Drug market exclusivity protection for Endari® for SCD expired in the U.S. on July 7, 2024 and Endari® faces competition from less expensive generic versions of PGLG; and
- we do not have intellectual property protection nor orphan drug designation or data exclusivity in key markets for Endari® in the MENA region, which could adversely affect the commercial success of Endari® in the region.

These limitations and any reductions in our expected protection, including other products that could be approved by FDA under the Orphan Drug Act, may subject Endari® to greater competition than we expect and could adversely affect our ability and the ability of NIT to generate revenue from Endari®, perhaps materially. These circumstances may also impair our ability to obtain license partners or other international commercialization opportunities on terms acceptable to us, if at all.

***Many of our potential customers are in markets with underdeveloped health care systems.***

Our only product, Endari®, is a prescription-grade L-glutamine, or PGLG, oral powder treatment for sickle cell anemia and sickle ß0-thalassemia, two of the most common forms of SCD. SCD is a genetic blood disorder that affects 20 million to 25 million people worldwide and occurs primarily among those whose ancestors are from regions including sub-Saharan Africa, South America, the Caribbean, Central America, the Middle East, India and Mediterranean regions such as Turkey, Greece and Italy. Thus, while SCD affects people throughout the world, the prevalence of SCD is higher in certain geographies, such as central and sub-Saharan Africa and the Caribbean, that currently have underdeveloped health care systems or significantly lower rates of health insurance coverage and incidence of these conditions in the United States is relatively low. Furthermore, many potential patients in many of these geographies are low-income and may be unable to afford Endari®. These factors may ultimately limit our addressable market. Our ability to achieve and sustain profitability may be adversely impacted if we are unable to access markets with greater prevalence of SCD or reach enough SCD patients in geographies with more well-developed health care systems.

***A variety of risks associated with marketing Endari® internationally could hurt our business.***

We are seeking regulatory approval for Endari® for SCD in the Kingdom of Saudi Arabia, or KSA, but may not be successful. For example, in May 2019, we announced that the European Medicines Agency's, EMA's, Committee for Medicinal Products for Human Use, or CHMP, had adopted a negative opinion regarding our application for marketing authorization, or MAA, based upon the CHMP's position that our main clinical study did not conclusively support the efficacy of the treatment in SCD patients. In light of the CHMP's opinion, we withdrew our MAA in September 2019. There is no assurance that we will be successful in obtaining marketing authorization in the KSA or other jurisdictions outside the U.S. If we obtain marketing authorization, we expect that we will be subject to additional risks related to operating in foreign countries including:

- differing regulatory requirements in foreign countries such as lack of orphan designation or other market exclusivity and unregulated competition from generic L-glutamine products or nutritional supplements;

- the potential for legal or illegal parallel importing (*i.e.*, when a local seller, faced with high or higher local prices, opts to import goods from a foreign market with low or lower prices rather than buying them locally);
- unexpected changes in tariffs, trade barriers, price and exchange controls and other regulatory requirements;
- economic weakness, including inflation or political instability in particular foreign markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations related to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the U.S.;
- potential liability under the U.S. Foreign Corrupt Practices Act or comparable foreign regulations;
- challenges enforcing our contractual and intellectual property rights, especially in foreign countries that do not respect and protect intellectual property rights to the same extent as the U.S.; and
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad.

These and other risks associated with international operations may compromise our ability to achieve or maintain profitability.

***Our business may be adversely impacted by the consequences of the war with Iran.***

The United States and Israel recently undertook attacks on Iran which has triggered attacks by Iran on U.S. and Israeli assets and on civilian targets in neighboring nations in the MENA region. The duration and intensity of this conflict and its potential impact on our business or operations in the region is uncertain, but it is possible that our regional business and operations could be adversely affected by the ongoing hostilities.

***We may not be able to anticipate the demand for and appropriate supply of Endari®.***

We monitor our distributors' inventories of Endari® using a combination of methods. However, our estimates of distributor inventories may differ significantly from actual inventory levels. Significant differences between actual and our estimated inventory levels may result in excessive production (requiring us to hold substantial quantities of unsold inventory which may result in the establishment of inventory reserves or actual write offs of expired inventory), inadequate supplies of products in distribution channels, insufficient product available at the retail level, and unexpected increases or decreases in orders from our specialty distributors. These changes may cause our revenues to fluctuate significantly from quarter to quarter, and in some cases may cause our operating results for a quarter to be below our expectations or the expectations of securities analysts or investors. In addition, historically we have offered price discounts to our customers in advance of Endari® price increases or as an incentive for bulk or advance orders of Endari®. Such discounts may have resulted in specialty distributor purchases exceeding current demand, resulting in reduced specialty distributor purchases in later periods and substantial fluctuations in our results of operations from period to period. If our financial results are below analysts' or investors' expectations or cannot be reliably estimated, the market price of our common stock may be adversely affected.

***If the single manufacturer of prescription-grade L-glutamine or, as has happened in the past the single packager upon which we rely for our finished goods inventory of Endari®, fails to produce in the volumes and quality that we require on a timely basis or fails to comply with stringent regulations applicable to pharmaceutical manufacturers, we may face interruptions in sales of, or be unable to meet demand for, Endari®, including our obligation to supply Endari® to NIT under the exclusive supply agreement, and may lose potential revenues.***

We do not currently have our own manufacturing capabilities and depend upon a single Japanese supplier, Ajinomoto Aminoscience, LLC, or Ajinomoto, for commercial supplies of Endari®. We intend to continue to rely on Ajinomoto to produce our PGLG, but we have not entered into, and may not be able to establish, long-term supply agreements with this key supplier on acceptable terms. If Ajinomoto were to experience any manufacturing or production difficulties producing PGLG, or we were unable to purchase sufficient quantities of PGLG on acceptable terms, it could interrupt sales of Endari®

and our supply of Endari® to NIT under the exclusive supply agreement and have a material, adverse effect on our results of operations and financial condition.

We also rely upon a single packager of Endari®, with which we have no firm commitment to continue its services. The packager repeatedly delayed the scheduled packaging of Endari® beginning in December 2023, which resulted in a severe shortage of finished goods inventory and materially, adversely affected our Endari® sales in 2024. Although we believe we have sufficient finished goods inventory on hand, we are seeking a new source of packaging to avoid similar problems in the future. There is no assurance that we can retain suitable packaging sources or, if we do, that we will not experience delays in the production of finished goods or future shortages of Endari®.

In addition, all manufacturers, packagers, distributors and suppliers of pharmaceutical products must comply with applicable cGMP regulations for the manufacture of pharmaceutical products, which are enforced by the FDA through its facilities inspection program. If our manufacturers and key suppliers are not in compliance with cGMP requirements, it may result in a delay of approval for products undergoing regulatory review or the inability to meet market demands for any approved products, particularly if these sites supply single source ingredients required for the manufacture of any potential product. Furthermore, each manufacturing facility used to manufacture drug or biological products is subject to FDA inspection and must meet cGMP requirements. As a result, if one of the manufacturers that we rely on shifts production from one facility to another, the new facility must undergo a preapproval inspection and, for biological products, must be licensed by regulatory authorities prior to being used for commercial supply. A failure to comply with any applicable manufacturing requirements, including cGMP requirements, could delay or prevent the promotion, marketing or sale of our products. If the FDA or any other applicable regulatory authorities do not approve the facilities for the manufacture of Endari® or if they withdraw any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to commercially supply Endari® to NIT under the exclusive supply agreement or to our distributors in the MENA region.

If the safety of any quantities supplied is compromised due to a third-party manufacturer's failure to comply with or adhere to applicable laws or for other reasons, we may be liable for injuries suffered by patients who have taken such products and we may not be able to obtain regulatory approval for or successfully commercialize our products.

***Endari® may cause undesirable side effects or have other unexpected properties that could result in post-approval regulatory action.***

The most common side effects seen with Endari® included constipation, nausea, headache, pain in the stomach area, cough, pain in the hands or feet, back pain, and chest pain. If we or others identify previously unknown undesirable side effects, or other previously unknown problems, caused by Endari® or other products with the same or related active ingredients, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of Endari®;
- we may need to recall Endari®;
- we may need to add warnings or narrow the indication in the product label or to create a Medication Guide outlining the risks of such side effects for distribution to patients;
- we may be required to change the way Endari® is administered or modify Endari® in some other way;
- the FDA may require us to conduct additional clinical trials or costly post-marketing testing and surveillance to monitor the safety or efficacy of the product;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of the above events resulting from undesirable side effects or other previously unknown problems could prevent us from achieving or maintaining market acceptance of Endari® and could substantially increase the costs of commercializing Endari®.

***We face potential product liability exposure relating to Endari® and, if successful claims are brought against us, we may incur substantial liability if our insurance coverage for those claims is inadequate.***

The commercial use of Endari® will expose us to the risk of product liability claims despite the fact it is approved for commercial sale by the FDA and manufactured in facilities licensed and regulated by the FDA. Any side effects,

manufacturing defects, misuse or abuse associated with Endari® could result in injury to a patient or even death and product liability claims against us. In addition, a liability claim may be brought against us even if Endari® merely appears to have caused an injury. Product liability claims may be brought against us by consumers, health care providers, pharmaceutical companies or others selling or otherwise coming into contact with Endari® and we could incur substantial liabilities.

In addition, regardless of merit or eventual outcome, product liability claims may result in:

- decreased demand for Endari®;
- impairment of our business reputation;
- recall or withdrawal of Endari® from the market;
- costs related to litigation;
- distraction of management's attention from our business;
- substantial monetary awards to patients or other claimants; or
- loss of revenues.

We maintain product liability insurance coverage and carry commercial excess and umbrella coverage, but our insurance coverage may not be sufficient to cover product liability related expenses or losses or cover us for any consequential expenses or losses we may suffer. We may not be able to continue to maintain insurance coverage at a reasonable cost, in sufficient amounts or upon adequate terms to protect us against losses due to product liability. Large judgments have been awarded in class action or individual lawsuits based on drugs that had unanticipated side effects, including side effects that are less severe than those of Endari®. Successful product liability claims against us could cause the value of our common stock to decline and, if judgments exceed our insurance coverage, reduce our cash and have a material adverse effect on our business, results of operations, financial condition and prospects.

***Our business and operations may be adversely affected by information technology ("IT") system failures or cybersecurity or data breaches.***

We rely on IT networks and systems, including those of third-party service providers, to collect, process, store and transmit confidential information including, but not limited to, personal information and intellectual property for a variety of functions including, but not limited to, conducting clinical trials, financial reporting, data and inventory management. We also outsource certain services, including recruiting services, call center services, contract sales organization services and other ancillary services relating to the commercial marketing and sale of Endari® in the U.S., as well as significant elements of our IT security systems, as a result, our service providers have access to our confidential information.

Despite the implementation of security measures and recovery plans, our network and information systems and those of third-party service providers may be vulnerable to damage from computer viruses, cyberattacks, physical or electronic break-ins, service disruptions, and security breaches from inadvertent or intentional actions by our employees or vendors, or from attacks by malicious third parties. While we have not experienced any such system failure or security breach to date, if such an event were to occur, our operations may be disrupted, and we may suffer from economic loss, reputational harm, regulatory actions or other legal proceedings. Further, such breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased risks of the actions described above. We expect that risks and exposures related to cybersecurity breaches will remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats.

***We have identified material weaknesses in our internal controls over financial reporting and governance matters.***

We have experienced historical material weaknesses in our internal controls over financial reporting and governance matters, and in connection with the preparation of this Annual Report, our management concluded that there continue to be material weaknesses in our disclosure controls and procedures as described in more detail in Part II – Item 9A "Controls and Procedures" in this Annual Report. We cannot guarantee when our disclosure controls and procedures will be fully effective or that we will not identify other material weaknesses in the future. Any material weaknesses in our internal control over financial reporting and governance matters could result in errors in our consolidated financial statements or misappropriation of assets, which could erode market confidence in our company, adversely affect the market price of our common stock and, in egregious circumstances, result in possible securities law claims based upon such financial statements.

**Risks Related to Our Intellectual Property**

***We may not be able to obtain and enforce intellectual property rights that cover our commercial activities or are sufficient to prevent third parties from competing against us.***

We rely on trade secrets, including unpatented know-how, technology and other proprietary information, in our business. We seek to protect our trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and remedies thereunder may not be adequate. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time consuming, and the outcome is unpredictable. Some courts inside and outside the U.S. are less willing or unwilling to protect trade secrets. In addition, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us.

Although we expect all our employees to assign their inventions to us, and all our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidential information and invention agreements, we cannot provide any assurances that all such agreements have been duly executed or will be enforceable.

***We will depend on licenses of certain patents for the resumption of development of some of our product candidates. If any of these licenses terminate, or if any of the licensed patents is successfully challenged, we may be unable to continue the development of the affected product candidates.***

Our ability to develop certain product candidates will depend on an exclusive license we have obtained to patents that claim the use of Kainos's KM10544 IRAK4 inhibitor to treat cancers. The license could be terminated if we fail to satisfy our obligations under the license. In the event any claims in the patents that we have been licensed are challenged, the court or patent authority could determine that such patent claims are invalid or unenforceable or not sufficiently broad in scope to protect our proprietary rights. As the licensee of such patents, our ability to participate in the defense or enforcement of such patents could be limited.

**Risks Related to Regulatory Oversight of Our Business and Compliance with Law**

***Endari® is subject to ongoing and continued regulatory review, compliance with which may result in significant expense and limit our ability to commercialize Endari®.***

We and NIT are subject to ongoing FDA obligations and continued regulatory review with respect to the manufacturing, processing, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for Endari®. These requirements include submission of safety and other post-marketing information and reports, as well as continued compliance with good clinical practices and good laboratory practices or cGMPs. In addition, our product advertising and promotion are subject to regulatory requirements and continuing regulatory review. The FDA strictly regulates the promotional claims that may be made about prescription drug products. In particular, a drug product may not be promoted for uses that are not approved by the FDA as reflected in the product's approved labeling, although the FDA does not regulate the prescribing practices of physicians.

Manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP regulations. If we or a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where, or processes by which, the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturer or us, including requiring product recall, notice to physicians, withdrawal of the product from the market or suspension of manufacturing.

The FDA's regulations, policies or guidance may change, and new or additional statutes or government regulations may be enacted that could further restrict or regulate post-approval activities relating to our commercialization of Endari®. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action. If we are not able to achieve and maintain regulatory compliance, we may not be permitted to market Endari®, which would adversely affect our ability to generate revenue and achieve or maintain profitability.

***We are subject to numerous complex regulations and failure to comply with these regulations, or the cost of compliance with these regulations, may harm our business.***

The research, testing, development, manufacturing, quality control, approval, labeling, packaging, storage, recordkeeping, promotion, advertising, marketing, distribution, possession and use of Endari® are subject to regulation by numerous governmental authorities in the U.S. The FDA regulates drugs under the Federal Food, Drug and Cosmetic Act and implementing regulations. Noncompliance with any applicable regulatory requirements can result in refusal to approve products for marketing, warning letters, product recalls or seizure of products, total or partial suspension of production, prohibitions or limitations on the commercial sale of products or refusal to allow the entering into of federal and state supply contracts, fines, civil penalties and/or criminal prosecution. Additionally, the FDA and comparable governmental authorities have the authority to withdraw product approvals that have been previously granted. Moreover, the regulatory requirements relating to Endari® may change from time to time, and it is impossible to predict what the impact of any such changes may be.

***Health care reform measures and changes in policies, funding, staffing and leadership at the FDA and other agencies could hinder or prevent the commercial success of Endari®.***

In the U.S., legislative and regulatory changes to the healthcare system could affect our future results of operations and the future results of operations of our potential customers.

Additionally, individual states have become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure and transparency measures, and encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm out business, results of operations, financial condition and prospects.

In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This may reduce demand for Endari® or put pressure on Endari® pricing, which could negatively affect our business, results of operations, financial condition and prospects.

***If we fail to comply with federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected.***

As a pharmaceutical company, even though we do not and will not control referrals of healthcare services or bill directly to Medicare, Medicaid or other third-party payors, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to our business. We and our distributors could be subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which constrains out marketing practices, educational programs, pricing policies, and relationships with healthcare providers or other entities, by prohibiting, among other things, soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, either the referral of an individual or the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;
- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, false or fraudulent claims for payment from Medicare, Medicaid, or other third-party payors;
- the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws

governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under the U.S. federal Anti-Kickback Statute, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If we or our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in U.S. federal or state health care programs, and the curtailment or restructuring of our operations. Any penalties, damages, fines, curtailment or restructuring of our operations could materially adversely affect our ability to operate our business and our financial results.

The FDA provides guidelines with respect to appropriate promotion and continuing medical and health education activities. Although we endeavor to follow these guidelines, the FDA or the Office of the Inspector General: U.S. Department of Health and Human Services may disagree, and we may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions. In addition, management's attention could be diverted, and our reputation could be damaged.

Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be eliminated entirely. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal and state privacy, security and fraud laws may prove costly.

**Risks Related to Our Securities**

***We have been delinquent in our past SEC reporting obligations, and if we fail to timely file our future SEC reports, our security holders and prospective investors will not have current information regarding our financial statements and status of our business and operations and our common stock may no longer be eligible for quotation on the OTC Markets Group, Inc.***

We were unable to timely file with the SEC our Annual Report for 2023 due to the complex accounting for the disposition of our former equity interest in EJ Holdings. Due to the delay in filing the Annual Report, we also were unable to timely file our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024. Prior to that time, we also were unable to timely file with the SEC our Annual Reports on Form 10-K for the years ended December 31, 2019 and December 31, 2020 and our Quarterly Reports on Form 10-Q for 2020 or our Quarterly Report for the quarter ended March 31, 2021. Our failure to timely file our periodic SEC reports adversely affects the ability of our security holders and prospective investors to have current information regarding our financial statements and status of our business and operations and is likely to have adversely affected the liquidity and trading prices of our common stock. Under applicable rules of the Financial Industry Regulatory Authority, or FINRA, our failure to timely our periodic reports with the SEC may result in the disqualification of our common stock for quotation on the OTC Markets Group, Inc. In such event, there may be no established trading market for our common stock unless and until we comply with our SEC reporting obligations and our common stock once again becomes eligible for quotation on the OTC Markets Group, Inc. or is listed on a national securities exchange.

***We have experienced, and may continue to experience, significant volatility in our stock price.***

The trading price for our common stock has historically been volatile and traded at higher or lower prices that are seemingly uncorrelated with our results of operations, financial condition or prospects. Between January 1, 2025 and December 31, 2025, the closing sale price of our common stock as reported on the OTC Markets Group, Inc. ranged from a low of $0.0085 to a high of $0.047 and may continue to exhibit volatility. Factors such as the following may affect the volatility in our stock price:

- our quarterly operating results;
- marketing approvals or disapprovals or other developments regarding Endari® or competing products;
- announcements of regulatory developments or technological innovations by us or our competitors;
- changes in our relationship with our vendors, distributors or other strategic partners; and
- government regulation of drug pricing.

We may be particularly vulnerable to volatility caused by these conditions or events, as we have only a single product and no ongoing product development efforts and thin trading volume in our common stock.

***Trading on the OTC Markets is volatile and sporadic, which could depress the market price of our common stock and make it difficult for our investors and stockholders to resell their common stock.***

Public quotations for our common stock are available on the OTCQB tier of the OTC Markets. Trading in securities quoted on the OTC Markets is often thin and characterized by wide fluctuations in trading prices due to many factors, some of which may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to our business or operating performance. Moreover, the OTC Markets is not a stock exchange, and trading of securities on the OTC Markets is often more sporadic than the trading of securities listed on a quotation system such as The Nasdaq Capital Market or a stock exchange like the NYSE American. These factors may result in investors having difficulty purchasing and reselling shares of our common stock.

***Our outstanding convertible promissory notes may result in dilution to our stockholders.***

As of December 31, 2025, we also had outstanding approximately $9.3 million principal amount of convertible promissory notes which are convertible into shares of our common stock at a conversion price of $0.01 per share, subject to possible future reductions on a quarterly basis in the event the prevailing trading price of our common stock is less than the then-conversion price. The anti-dilution adjustments of our outstanding warrants would be triggered by future issuances by us of shares of our common stock upon conversion of the convertible promissory notes, or otherwise, at a price per share below the then-exercise price of such warrants, which adjustments would have a further dilutive effect on our stockholders.

***Stockholders may experience future dilution from future financings.***

To raise additional capital in the future we may sell and issue additional shares of our common stock or securities convertible into or exchangeable for our common stock, which sales would have a dilutive effect on the percentage ownership of our existing stockholders.

***A substantial number of shares of common stock may be sold in the market, which may depress the market price for our common stock.***

Sales of a substantial number of shares of our common stock in the public market, or the possibility of such sales upon the exercise or conversion of our outstanding warrants or convertible promissory notes, could cause the market price of our common stock to decline or serve to depress the market price of our common stock. A substantial majority of the outstanding shares of our common stock are, and the shares of common stock issuable upon the exercise of our outstanding warrants and other convertible securities or shares which may be sold in future offerings by us will be, freely tradable without restriction or further registration under the Securities Act.

***Our common stock is not traded on a national securities exchange, which may adversely affect our ability to raise needed financing.***

The OTC Markets is not a national securities exchange within the meaning of federal and state securities laws, so our common stock is not eligible for the exemption from state securities, or “blue sky,” laws for “covered securities” within the meaning of the National Securities Markets Improvement Act of 1996, which may adversely affect our ability to sell our securities to raise needed financing and increase transactions costs of such financing.

***As long as our common stock is quoted on the OTC Markets, our stockholders may face significant restrictions on the resale of our common stock due to state "blue sky" laws.***

Each state has its own securities laws, often called "blue sky" laws, which limit sales of securities to a state's residents, unless the securities are registered in that state or qualify for an exemption from registration and govern the reporting requirements for broker-dealers doing business directly or indirectly in the state. Before a security is sold in a state, there must be a registration in place to cover the transaction, or the transaction must be exempt from registration. The applicable broker must also be registered in that state. As long as our common stock is quoted on the OTCQB, a determination regarding registration will be made by those broker-dealers, if any, who agree to serve as market-makers for our common stock. There may be significant state blue sky law restrictions on the ability of investors to sell, and on purchasers to buy, our common stock. You should therefore consider the resale market for our common stock warrants to be limited, as you may be unable to resell your common stock without the significant expense of state registration or qualification.

***We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of our common stock.***

We are authorized to issue up to 15,000,000 shares of preferred stock in one or more series. Our board of directors may determine the terms of future preferred stock offerings without further action by our stockholders. If we issue preferred stock, it could affect your rights or reduce the value of our outstanding common stock. Specific rights granted to future holders of preferred stock may include voting rights, preferences as to dividends and liquidation, conversion and redemption rights, sinking fund provisions, and restrictions on our ability to merge with or sell our assets to a third party.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

**ITEM 1C. CYBERSECURITY**

***Risk Management and Strategy***

We periodically assess risks from cybersecurity threats; monitor our information systems for potential vulnerabilities; and test those systems pursuant to our cybersecurity processes, and practices as part of our overall risk management program. To protect our information systems from cybersecurity threats, we use various security tools that are designed to help identify, escalate, investigate, resolve, and recover from security incidents in a timely manner. Our senior management, in consultation with our third-party information technology, or IT, vendor assesses risks based on probability and potential impact to our business and information systems and processes. Any identified risks that are considered high are monitored and tracked as part of our overall risk management program overseen by our board of directors.

We collaborate with our third-party IT vendor to assess the effectiveness of our cybersecurity prevention and response systems and processes and have not had a need to utilize cybersecurity assessors, consultants or other external cybersecurity experts to assist in the identification, verification, and validation of cybersecurity risks or to support any necessary mitigation plans.

Neither cybersecurity incidents nor cybersecurity threats have materially affected our company, including our business strategy, results of operations, or financial condition. We are not aware of any cybersecurity threats that are reasonably likely to materially affect our company. Refer to the risk factor captioned "*Our business and operations may be adversely affected by information technology ("IT") system failures or cybersecurity or data breaches"* in Part I, Item 1A. "Risk Factors" for additional description of cybersecurity risks and potential related impacts on our Company.

***Governance***

Our board of directors oversees our risk management process, including as it pertains to cybersecurity risks.

We take a risk-based approach to cybersecurity and have implemented cybersecurity policies and measures in collaboration with our IT vendor that are designed to address cybersecurity threats and incidents. Our IT vendor with oversight from our Chief Executive Officer, Mr. Lee, is currently responsible for the establishment and maintenance of our cybersecurity program, as well as the assessment and management of cybersecurity risks. Our IT vendor has over 25 years of experience in information security and possesses the requisite expertise and experience expected of such an individual given our company's risk profile.

Mr. Lee provides periodic updates on any cybersecurity incidents and threats to our Board of Directors and to the Audit Committee of our board of directors as such incidents may arise.

**ITEM 2. PROPERTIES**

We lease 4,639 square feet of office space for our headquarters in Torrance, California, at a base rental of $18,556 per month pursuant to lease, as amended, which will expire on April 1, 2030. In connection with an amendment to the lease effective on April 2, 2025, we recognized $0.9 million gain on lease modification included in the consolidated statement of operations for the year ended December 31, 2025. We also lease 1,163 square feet of office space in Dubai, UAE, which lease will expire on June 19, 2026. Rent expense for the years ended December 31, 2025 and 2024 was approximately $0.5 million and $1.1 million, respectively.

We believe our existing facilities are adequate for our current and planned future operations, and we expect to be able to renew the leases on commercially reasonable terms.

**ITEM 3. LEGAL PROCEEDINGS**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information**

Public quotations for our common stock were available on the OTCQX tier of the OTC Markets until June 11, 2024, when our common stock was relegated to the Pink tier of the OTC Markets for failure to timely file this Annual Report. On or about October 18, 2024, public quotations for our common stock became available on the OTCQB tier of the OTC Markets. The ticker symbol for our common stock is "EMMA." The information reported on the OTC Markets reflect inter-dealer prices, without retail mark-up, mark-down or commission and do not necessarily represent actual transactions.

**Holders**

As of March 15, 2026, we had approximately 395 stockholders of record.

**Dividends**

We have never paid cash dividends on our common stock and do not expect to do so in the foreseeable future. The decision whether to pay cash dividends on our common stock will be made by our board of directors in its discretion and will depend on our financial condition, operating results, capital requirements, our ability to satisfy the requirements for paying dividends under the Delaware General Corporation Law and restrictive covenants under our outstanding indebtedness and other factors that the board of directors considers relevant.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table provides information as of December 31, 2025, regarding compensation plans, including any individual compensation arrangements, under which our equity securities are authorized for issuance:

| Plan Category | Number of Securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans |
|---|---|---|---|
| Equity compensation plans approved by security holders | 4,000,000 | $ 1.70 | 880,000 |
| Equity compensation plans not approved by security holders | 1,000,000 | $ 0.49 | — |

**Recent Sales of Unregistered Securities**

None.

**Additional Information**

Copies of our annual reports, quarterly reports, current reports, and any amendments to those reports are available free of charge on the Internet at www.sec.gov and on our website at www.emmausmedical.com. Such reports are not part of this Annual Report or incorporated by reference herein. All statements made in any of our reports, including all forward-looking statements, are made as of the date of such reports and we do not assume or undertake any obligation to update any of those statements or documents, except as required by law.

**ITEM 6. SELECTED FINANCIAL DATA**

Not required for a smaller reporting company.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Forward-Looking Statements

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes, and the other financial information included in this Annual Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements because of various factors, including those set forth under "Risk Factors" or in other parts of this Annual Report.

### Company Overview

We are a commercial-stage biopharmaceutical company engaged in the discovery, development, marketing and sale of innovative treatment and therapies, primarily for rare and orphan diseases. Our only product, Endari® (prescription grade L-glutamine oral powder), is approved by the U.S. Food and Drug Administration, or FDA, to reduce the acute complications of sickle cell disease ("SCD") in adult and pediatric patients five years of age and older. Endari® was approved for marketing in the United Arab Emirates, or U.A.E, in Qatar, Kuwait, Bahrain, and Oman. Our application for marketing authorization in the Kingdom of Saudi Arabia, or KSA is pending. While the application is pending, the FDA approval of Endari® can be referenced to allow access to Endari® in the KSA on a named-patient basis. In January 2025, Endari® was afforded market exclusivity in the KSA by the KSA's unified purchasing system which extends to all KSA government institutions, including hospitals under the Ministry of Health, Military Hospitals, the National Guard, the Security Forces, and King Faisal Specialty Hospitals and Research Centers.

Endari® is sold in the U.S. through our nonexclusive distributors and in the Middle East North Africa, or MENA, region through exclusive arrangements with local distributors. In December 2025, we entered into a License and Exclusive Distribution Agreement, or License Agreement, with NeoImmuneTech, Inc., or NIT, pursuant to which we granted NIT, subject to the occurence of the "effective Date" of the License Agreement, an exclusive license to our rights to market, sell, and distribute Endari® and any generic equivalents we may develop in sickle cell disease, or the Field, in the U.S. and its territories and possession and Canada, or the Territory, in exchange for an upfront cash payment, a double digit percentage royalty on NIT's sales of the licensed products and a double digit percentage of any NIT sublicenses of rights to the products. Of the upfront payment, somewhat less than half was paid in cash upon execution of the License Agreement, with the balance payable in cash upon the "Effective Date" of the License Agreement. The upfront cash payment is refundable by us under certain circumstances described in the License Agreement. We agree in the License Agreement to use a portion of the upfront payment payable upon the Effective Date to subscribe to purchase shares of NIT capital stock.

In connection with the License Agreement, we and NIT recently entered into an Exclusive Supply Agreement pursuant to which we agree to supply exclusively to NIT, and NIT agrees, subject to the occurrence of the Effective Date of the License Agreement and certain exceptions, to purchase exclusively from us all NIT's requirements for the Products in the Field in the Territory at a purchase price based upon our cost of production plus a specified double digit percentage margin.

Pending the Effective Date, NIT has hired selected members of our U.S. sales force and we have entered into a sales services agreement under which NIT will render to us sales and marketing services for Endari® in the Field in the Territory in exchange for our payment of quarterly fees in the low-to-mid six figures. We will continue to realize all revenues from sales of the Endari® in the Territory pending the Effective Date.

The Effective Date is subject to NIT's obtaining the necessary regulatory approvals and licensing to sell and distribute the licensed products and other specified conditions, and there is no assurance that the Effective Date will occur. The License Agreement may be terminated by either party if the Effective Date does not occur by the October 1, 2026, subject to certain exceptions, in which case all rights to the licensed products will revert to us. Once the Effective Date occurs, the rights granted to NIT under the License Agreement will become nonexclusive if NIT fails to generate annual minimum sales of the licensed products in the low seven figures. Following the Effective Date, the License Agreement may be terminated by either party in the event of a breach by the other party and other specified events.

Under the License Agreement, each party is entitled to make improvements to the licensed products and to own their respective improvements, subject to the grant of appropriate cross-rights to any such improvements. We retain all rights in the licensed products outside the Field and outside the Territory.

If the Effective Date does not occur, we will consider alternative strategies for marketing and selling Endari® and any generic equivalents we may develop in the U.S. and other markets in the territory. NIT has no experience is marketing brand name or generic pharmaceuticals in the U.S. or elsewhere, and if the Effective Date occurs there is no assurance that it will be able to successfully market and distribute Endari® or other licensed products.

For the foregoing reasons, our historical results of operations are unlikely to be an indication of our future performance.

Endari® is reimbursable by the Centers for Medicare and Medicaid Services, and every state provides coverage for Endari® for outpatient prescriptions to all eligible Medicaid enrollees within their state Medicaid programs. Endari® is also reimbursable by many commercial payors. We have agreements in place with the nation's leading distributors, as well as physician group purchasing organizations and pharmacy benefits managers, making Endari® available at selected retail and specialty pharmacies nationwide which are expected to be assigned and assumed by NIT in connection with the Effective Date of the License Agreement. Following the Effective Date of the License Agreement with NIT, our revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the territory.

As of December 31, 2025, our accumulated deficit was $270.1 million, and we had cash and cash equivalents of $2.1 million. Until we can generate sufficient net revenues from Endari® sales or sales royalties, our future cash requirements are expected to be financed through loans from related parties, third-party loans, public or private equity or debt financings or possible corporate collaboration and licensing arrangements. We are unable to predict if or when we will become profitable.

**Critical Accounting Estimates and Accounting Policy**

Management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of certain assets, liabilities and expenses. On an ongoing basis, we evaluate these estimates and judgments, including those described below. We base our estimates on our historical experience and on various other assumptions that we believe to be reasonable under the present circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

While our significant accounting policies are more fully described in Note 2 of the Notes to Financial Statements included in this Annual Report, we believe that the accounting policies discussed below under "Financial Overview" are the most critical to assist you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we use in the preparation of our financial statements.

*Revenues, net*

In the period covered by this Annual Report, we realized net revenues primarily from sales of Endari® to our distributors and specialty pharmacy providers. Distributors resell our products to other pharmacy and specialty pharmacy providers, health care providers, hospitals, and clinics. In addition to agreements with these distributors, we have contractual arrangements with specialty pharmacy providers, in-office dispensing providers, physician group purchasing organizations, pharmacy benefits managers and government entities that provide for government-mandated or privately negotiated rebates, chargebacks and discounts with respect to the purchase of our products. These various discounts, rebates, and chargebacks are referred to as "variable consideration." Revenue from product sales is recorded net of variable consideration.

Under ASC 606 *Revenue from Contracts with Customers*, we recognize revenue when its customers obtain control of the our product, which typically occurs on delivery. Revenue is recognized in an amount that reflects the consideration that we expect to receive in exchange for the product, or transaction price. To determine revenue recognition for contracts with customers within the scope of ASC 606, we perform the following 5 steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the our performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy the relevant performance obligations.

Revenue from product sales is recorded at the transaction price, net of estimates for variable consideration consisting of sales discounts, returns, government rebates, chargebacks and commercial discounts. Variable consideration is estimated using the expected-value amount method, which is the sum of probability-weighted amounts in a range of possible transaction prices. Actual variable consideration may differ from our estimates. If actual results vary from the estimates, we adjust the variable

consideration in the period such variances become known, which adjustments are reflected in net revenues in that period. The following are our significant categories of variable consideration:

*Sales Discounts*: We afford our customers prompt payment discounts and additional discounts to encourage bulk orders to generate needed working capital.

*Product Returns*: We offer our distributors a right to return product principally based upon (i) overstocks, (ii) inactive product or non-moving product due to market conditions, and (iii) expired product. Product return allowances are estimated and recorded at the time of sale.

*Government Rebates*: We are subject to discount obligations under state Medicaid programs and the Medicare Part D prescription drug coverage gap program. We estimate Medicaid and Medicare Part D prescription drug coverage gap rebates based upon a range of possible outcomes that are probability-weighted for the estimated payor mix. These reserves are recorded in the same period the related revenues are recognized, resulting in a reduction of product revenues and the establishment of a current liability that is included as accounts payable and accrued expenses on our balance sheet. Our liability for these rebates consists primarily of estimates of claims expected to be received in future periods related to recognized revenues.

*Chargebacks and Discounts*: Chargebacks for fees and discounts represent the estimated obligations resulting from contractual commitments to sell products to certain specialty pharmacy providers, in-office dispensing providers, group purchasing organizations, and government entities at prices lower than the list prices charged to distributors. The distributors charge us for the difference between what they pay for the products and our contracted selling price to these specialty pharmacy providers, in-office dispensing providers, group purchasing organizations, and government entities. In addition, we have contractual agreements with pharmacy benefit managers who charge us for rebates and administrative fee in connection with the utilization of product. These reserves are established in the same period that the related revenues are recognized, resulting in a reduction of revenues. Chargeback amounts are generally determined at the time of resale of product by our distributors.

Following the Effective Date of the License Agreement with NIT, our revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the Territory.

*Share-based Compensation*

We recognize compensation expense for share-based compensation awards during the service term of the recipients of the awards. The fair value of share-based compensation is calculated using the Black-Scholes-Merton pricing model. The Black-Scholes-Merton model requires subjective assumptions regarding future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of awards granted is calculated using the simplified method allowed under the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin Nos. 107 and 110. The risk-free rate used to value an award is based on the U.S. Treasury rate on grant date that corresponds to the expected term of the award. The expected volatility was adjusted using the historical volatility of our common stock.

*Fair Value Measurements*

We define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with Accounting Standards Codification ("ASC") Topic 820 - Fair value Measurements. We measure fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The carrying values of cash and cash equivalents, accounts receivables, other current assets, account payable and accrued expenses, and other current liabilities approximate fair value due to the short-term maturity of those instruments. The fair value of our convertible debt instruments was determined based on Level 2 inputs. The carrying value of the debt was discounted based on allocating proceeds to other financial instruments within the arrangement as discussed in Note 7 to our consolidated financial statements.

The investment in convertible bond and certain outstanding warrants that contain price adjustment provision are remeasured at fair value on a recurring basis using Level 3 inputs. The level 3 inputs in the valuation and valuation methods used are discussed in Note 5, 7 and 8. There are no other assets or liabilities measured at fair value on a recurring basis.

*Derivative liability*

We evaluate its financial instruments including convertible notes to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC 815. We apply significant judgment to identify and evaluate terms and conditions in these contracts and agreements to determine whether embedded derivative exists. If all the requirements for bifurcation are met, embedded derivatives are separately measured from the host contract. Bifurcated embedded derivatives are initially recorded at fair value and then remeasure at each reporting period, with change in fair value recognized in the consolidated statements of operations. Bifurcated embedded derivative are classified as separate liability in the consolidated balance sheets. Our derivative liability related to the conversion feature embedded in the convertible promissory notes. See note 7 for further details.

**Related Party Transactions**

For a discussion of related party transactions, refer to Note 5, 6, 7, 11, and 12 of the Notes to Consolidated Financial Statement included elsewhere in this Annual Report, which information is incorporated herein by reference.

**Financial Highlights**

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **REVENUES, NET** | $ 12,453 | $ 16,653 |
| **COST OF GOODS SOLD** | 857 | 1,201 |
| **GROSS PROFIT** | 11,596 | 15,452 |
| **OPERATING EXPENSES** | | |
| Research and development | 313 | 657 |
| Selling | 2,873 | 6,002 |
| General and administrative | 8,179 | 10,687 |
| Total operating expenses | 11,365 | 17,346 |
| **INCOME (LOSS) FROM OPERATIONS** | 231 | (1,894) |
| **OTHER INCOME (EXPENSE)** | | |
| Loss on debt extinguishment | (1,363) | — |
| Change in fair value of warrant derivative liabilities | (5) | 57 |
| Change in fair value of conversion feature derivative, notes payable | 162 | 291 |
| Realized loss on investment in convertible bond | (531) | (544) |
| Gain on restructured debt | — | 1,032 |
| Gain (loss) on lease modification | 861 | (4) |
| Foreign exchange gain (loss) | 26 | (148) |
| Interest and other income (net) | 270 | 278 |
| Interest expense | (7,134) | (5,492) |
| Total other expense | (7,714) | (4,530) |
| **LOSS BEFORE INCOME TAXES** | (7,483) | (6,424) |
| Income tax provision | 9 | 29 |
| **NET LOSS** | (7,492) | (6,453) |
| | | |
| **COMPONENTS OF OTHER COMPREHENSIVE LOSS** | | |
| Unrealized gain (loss) on debt securities available for sale (net of tax) | (84) | (3,086) |
| Reclassification adjustment for loss included in net loss | 354 | 197 |
| Foreign currency translation adjustments | (4) | 54 |
| **Other comprehensive income (loss)** | 266 | (2,835) |
| **COMPREHENSIVE LOSS** | $ (7,226) | $ (9,288) |
| **NET LOSS PER COMMON SHARE - BASIC AND DILUTED** | $ (0.12) | $ (0.10) |
| **WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED** | 64,038,795 | 63,234,789 |

**Years ended December 31, 2025 and 2024**

*Net Loss.* Net loss increased by $1.0 million, or 16%, to $7.5 million for the year ended December 31, 2025 compared to net loss of $6.5 million for the year ended December 31, 2024. The increase was due primarily to an increase of $3.2 million in other expenses partially offset by an increase of $2.1 million in income from operation. As of December 31, 2025, we had an accumulated deficit of approximately $270.1 million.

*Revenues, Net*. Net revenues decreased by $4.2 million, or 25%, to $12.5 million for the year ended December 31, 2025 compared to $16.7 million in 2024 due to competition from a generic version of L-Glutamine oral powder introduced into U.S. market in mid-2024 noted below.

On July 15, 2024, ANI Pharmaceuticals, Inc., or ANI. announced the launch of its L-Glutamine Oral Powder, a generic version of Endari®, following final approval of its Abbreviated New Drug Application from the U.S. Food and Drug Administration. The introduction of ANI's generic product or other generic versions of L-Glutamine oral powder has adversely affected Endari® sales and is likely to adversely affect the reimbursement rates that Medicare, Medicaid and third-party payors are willing to pay for Endari®, which could have a material, adverse effect on our future sales and net revenues.

The market exclusivity for Endari® for SCD in the U.S. expired in July 2024 and Endari® has no or limited market exclusivity in the MENA region, which lack of exclusivity could adversely affect our Endari® sales and results of operations in the U.S. and the MENA region. We cannot predict whether or when competing generic prescription-grade L-glutamine products may be introduced in the MENA region or what effect the introduction of such products may have on reimbursement rates for Endari® in the MENA region or Endari® sales.

*Cost of Goods Sold.* Cost of goods sold decreased by $0.3 million, or 29%, to $0.9 million for the year ended December 31, 2025 compared to $1.2 million in 2024. This decrease was primarily due to the decrease in sales discussed above.

*Research and Development Expenses*. Research and development expenses decreased by $0.3 million, or 52%, to $0.3 million for the year ended December 31, 2025 compared to $0.7 million in 2024. The decrease was primarily due to a decrease of $0.4 million in payroll expenses from a reduction in headcount, partially offset by an increase of $0.1 million in research and development expenses.

*Selling Expenses.* Selling expenses decreased by $3.1 million, or 52%, to $2.9 million for the year ended December 31, 2025 compared to $6.0 million in 2024. The decrease was due to decreases of $1.4 million in consulting fee, $1.1 million in payroll expenses, $0.4 million in promotional expenses, and $0.2 million in travel expenses. We expect that our selling expenses will continue to decrease in the U.S. as we entered into exclusive distribution licensing agreement with NIT discussed above.

*General and Administrative Expenses.* General and administrative expenses decreased by $2.5 million, or 23%, to $8.2 million for the year ended December 31, 2025 compared to $10.7 million in 2024. The decrease was primarily due to decreases of $1.2 million in payroll related expenses, including shared-based compensation, $1.0 million in professional services, and $0.6 million in rent expense, partially offset by an increase of $0.5 million in settlement fee.

*Other Expense.* Other expense increased by $3.2 million, or 70%, to $7.7 million for the year ended December 31, 2025 compared to $4.5 million in 2024. The increase was primarily due to increases of $1.4 million in loss on debt extinguishment and $1.6 in interest expense, and a decrease of $1.0 million in gain on restructured debt, partially offset by an increase of $0.9 million in gain on lease modification.

*Income Tax Provision.* Income tax provision decreased by $20 thousand or 69%, to income tax expense of $9 thousand for the year ended December 31, 2025 compared to $29 thousand in 2024. A valuation allowance for net deferred tax assets recorded when it is more likely than not that we will not realize these assets through future operations. The valuation allowance increased by approximately $0.5 million and decreased by $4.1 million for the year ended December 31, 2025 and December 31, 2024, respectively. As of December 31, 2025, and 2024, we had no unrecognized tax benefits or position which in the opinion of management would be reversed if challenged by a tax authority.

**Liquidity and Capital Resources**

We realized a net loss of $7.5 million for the year ended December 31, 2025 and anticipate that we will continue to incur net losses for the foreseeable future and until we can generate increased net revenues from Endari® sales or sales royalties. There is no assurance that we or NIT or our distributors will be able to increase Endari® sales or that will attain sustainable profitability or have sufficient capital resources repay our existing indebtedness or to fund our operations until we are able to generate sufficient cash flow from operations.

Liquidity represents our ability to pay our liabilities when they become due, fund our business operations and meet our contractual obligations, including repayment of our indebtedness. Our primary sources of liquidity are our cash balances at the beginning of each period, sales of future receipts to third parties, proceeds from related-party loans and other financing activities. Our short-term and long-term cash requirements consist primarily of working capital requirements, general corporate needs and debt service under our outstanding notes payable.

As of December 31, 2025, we had outstanding $13.5 million in principal amount of convertible promissory notes and $11.3 million in principal amount of other notes payable that are due on demand. Our minimum lease payment obligations were $1.8 million as of December 31, 2025, of which $0.3 million was payable within 12 months.

Our API supply agreement with Telcon provides for an annual API purchase target of $5.0 million and a target “profit” (*i.e*., gross margin) to Telcon of $2.5 million. To the extent these targets are not met, Telcon may be entitled to payment of the shortfall or to offset the shortfall against the Telcon convertible bond and proceeds thereof that are pledged as collateral to secure our obligations. With our consent, in April 2023 Telcon retained cash collateral and made offsets against the outstanding balance of our Telcon convertible bond for target shortfalls under the API supply agreement for 2022. A similar target shortfall for 2024 and 2023 was offset in April 2025 and April 2024, respectively.

Due to uncertainties regarding our ability to meet our current and future operating and capital expenses, there is substantial doubt about our ability to continue as a going concern for 12 months from the date of filing of this Annual Report as referred to in the "Risk Factors" section of this Annual Report and Note 2 of the Notes to Consolidated Financial Statements included herein. The report of our independent public accounting firm on our financial statements as of and for the year ended December 31, 2025 included in Item 15 of this Annual Report contains a going concern qualification.

**Cash Flows**

*Net cash used in operating activities*

Net cash used in operating activities decreased by $2.3 million, or 100%, to $11 thousand for the year ended December 31, 2025 from $2.3 million for the year ended December 31, 2024. The decrease was primarily due to an increase of $1.0 million net loss adjusted by $1.6 million non-cash activities and $1.7 million net changes in operating assets and liabilities.

*Net cash provided by investing activities*

Net cash provided by investing activities decreased by $0.3 million, or 13%, to $ 2.2 million for the year ended December 31, 2025 from $2.5 million for the year ended December 31, 2024. The decrease was primarily due to a $0.3 million decrease in proceeds from the deemed sale of a portion of the Telcon convertible bond from the offset of target shortfalls discussed above.

*Net cash provided by (used in) from financing activities*

Net cash used in from financing activities was $1.4 million for both the year ended December 31, 2025 and the year ended December 31, 2024.

**Off-Balance-Sheet Arrangements**

We had no off-balance sheet arrangements in the periods presented.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required for a smaller reporting company.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information required by this Item 8 is incorporated by reference to the information that begins on Page F-1 of this Annual Report.

**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 are responsible for establishing and maintaining disclosure controls and procedures ("DCP") designed to ensure that information required to be disclosed by us in the reports filed by us under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is: (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (b) accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosures. In designing and evaluating our DCP, we recognize that any controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving the desired objectives.

We conducted an evaluation pursuant to Rule 13a-15 of the Exchange Act of the effectiveness of the design and operation of our DCP as of December 31, 2025 under the supervision and with the participation of our management, including our principal executive officers and Chief Financial Officer. Based on that evaluation, our principal executive officers and Chief Accounting Officer concluded that our DCP were not effective as of December 31, 2025.

**Material Weaknesses**

As previously reported, our management identified ongoing material weaknesses (the "Material Weaknesses") in our internal control over financial reporting. The Material Weaknesses related to inadequate accounting treatment for complex accounting matters, inadequate financial closing process, segregation of duties, including access control over information technology, especially financial information, inadequate documentation of policies and procedures over risk assessments, internal control and significant account processes, and insufficient entity risk assessment processes.

Since identifying the Material Weaknesses, we took several steps to remediate the Material Weaknesses, including:

- engaging third-party accounting consulting firms to assist us in the review of our application of GAAP to complex debt financing transactions;
- using GAAP Disclosure and SEC Reporting Checklists;
- continuing professional training and academic education on accounting subjects for accounting staff;
- enhancing attention to review controls related to our financial closing process and reporting;
- establishing a Disclosure Committee to ensure more effective internal communication regarding significant transactions and our financial reporting.

We implemented an integrated cloud-based enterprise resource planning system to manage our financial information and replace our outdated financial accounting systems and software. As a result of these actions, management has concluded that the certain material weaknesses identified in previous fiscal years have been remediated but that there continued to be material weaknesses in our internal control over financial reporting as of December 31, 2025. In particular, our finance and financial accounting department is not adequately staffed, which results in not all policies and procedures being properly documented.

To address the material weakness related to insufficient board of directors' oversight noted above, our board of directors appointed a Steering Committee of our President at the time and independent directors following the termination of

employment of our former Chief Executive Officer and we engaged outside counsel to advise management on additional steps which should be taken to properly vet the Company's advisors and others with which it seeks to do business in the future.

**Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and our dispositions of the assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was not effective as of December 31, 2025.

**Attestation Report**

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. As a non-accelerated filer, we are not subject to the attestation requirement.

**Changes in Internal Control Over Financial Reporting**

Except as described above, based on the evaluation of our management as required by paragraph (d) of Rule 13a-15 of the Exchange Act, we believe that there were no changes in our internal control over financial reporting that occurred during the quarter ended December 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

**Directors and Executive Officers**

The following individuals constitute our board of directors and executive officers:

| Name | Age | Position |
|---|---|---|
| Willis C. Lee, M.S. | 65 | Chairman of the Board, Chief Executive Officer |
| Hiroko Huynh | 46 | Chief Accounting Officer |
| Charles Stark, Pharm.D. | 70 | Chief Science Officer & EVP of Clinical Development and Medical Affairs |
| Wei Peu Zen | 73 | Director |
| Jon Kuwahara | 60 | Director |

**Background of Officers and Directors**

The following is a summary of the background of each of our directors and executive officers. Except as noted in their respective biographies below, each of our directors and officers became a director or officer as of the completion of our merger transaction with EMI Holding, Inc., or EMI Holding, on July 17, 2019. All directors serve until the next annual meeting of stockholders at which their successor is elected or their earlier resignation or removal as a director. One or more of our directors or officers also serve as directors or officers of one or more of our wholly owned subsidiaries.

***Willis C. Lee, M.S.*** was appointed Chief Executive Office and Chairman of the Board of Directors of the Company on July 15, 2024 and October 2, 2023, respectively. He served as Chief Operating Officer since May 2011 and as a director since December 2015 and served as Vice-Chairman of the board of directors from January 2016 and as Chief Financial Officer from October 2016 to July 2018 of EMI Holding. Mr. Lee also previously served as a director of EMI Holding from May 2011 to May 2014 and again from December 2015 to January 2016. Mr. Lee served as the Co-Chief Operating Officer and Chief Financial Officer and as a director of Emmaus Medical from March 2010 to May 2011.He was the Controller at Emmaus Medical from February 2009 to February 2010. From 2004 to 2010, Mr. Lee led worldwide sales and business development of Yield Dynamics product group at MKS Instruments, Inc. Prior to that time, Mr. Lee held managerial and senior positions at various public and private companies in the actuarial semiconductor, and defense industries. Mr. Lee received his B.S. degree and a M.S. degree in Physics from University of Hawaii and University of South Carolina, respectively. We believe Mr. Lee is qualified to serve as a director due to his extensive knowledge and experience, as well as his intimate knowledge of the company through his service as an executive officer of the company and Emmaus Medical.

***Hiroko Huynh***, CPA. has served as our Chief Accounting Officer since July 1, 2025. Previously, she served as our Controller since January 2020, and served as Senior Manager in the finance and accounting department from October 2018 to January 2020. Prior to joining Emmaus, she held a progressive role in accounting functions at three years in various companies for  and as auditor at Deloitte & Touche LLP, one of the nation's "big four" public accounting firms, for eight years. Ms. Huynh is a Certified Public Accountant and received a B.A. in Hospitality Administration from Boston University.

***Charles Stark, Pharm.D.*** was appointed as Executive Vice President and Chief Scientific Officer on November 20, 2023. He previously served as Senior Vice President of Medical Affairs, Clinical, Regulatory since November 23, 2021 and as Senior Vice President of Research and Development since July 19, 2019 and in the same capacity with EMI Holding since 2013. He has more than 30 years of experience in medical affairs, research and academia. Previously, Dr. Stark was Director of Clinical Development at Bavarian Nordic, an immunotherapeutic company, and prior to that Associate Director of Medical Affairs for the Dendreon Corporation, an immunotherapeutic company. He has served as Director, Medical Science Liaisons (cardiovascular, metabolic and oncology) at Pfizer, Inc., a pharmaceutical company. Dr. Stark has served as the Director of Investigational Drug Services and Clinical Research at LA BioMed at Harbor UCLA and at the Health Research Association at USC Medical Center. He has also served as a faculty member at the University of Southern California School of Pharmacy. Dr. Stark received his Pharm.D. from the University of Southern California and completed his residency at the Veteran's Affairs Medical Center in West Los Angeles.

***Wei Peu Zen*** is the Chairman and Chief Executive Officer of Wai Kee Holdings Limited, a Hong Kong-based construction and infrastructure company whose shares are listed on the Main Board of Hong Kong Stock Exchange. He is also the Chairman, Chief Executive Officer and Managing Director of Build King Holdings Limited, a subsidiary of Wai Kee Holdings Limited. In addition, he is the Chairman of Road King Infrastructure Limited, an associated corporation of Wai Kee Holdings Limited. The shares of both Build King Holdings Limited and Road King Infrastructure Limited are listed on the

Main Board of Hong Kong Stock Exchange. Mr. Zen has over 50 years of experience in civil engineering and is responsible for the overall management of Wai Kee Group and oversees the operations of Wai Kee Group. Mr. Zen holds a B.Sc. degree in Engineering from The University of Hong Kong and a M.B.A. degree from The Chinese University of Hong Kong and is a member of both the Institution of Civil Engineers and the Hong Kong Institution of Engineers and a fellow member of the Institute of Quarrying, UK. He was an Honorary Treasurer of Hong Kong Construction Association and a member of HKTDC Infrastructure Development Advisory Committee. He is also the President of Hong Kong Contract Bridge Association. We believe Mr. Zen is qualified to serve as a director due to his executive experience and business expertise, including in foreign markets. Mr. Zen also brings to the board of directors his diverse experience as a foreign national and board member and executive officer of Hong Kong-based publicly traded companies.

***Jon Kuwahara*** was appointed as a director and as Chair of the Audit Committee of the Board of Directors on October 1, 2024. He previously served as a director of Emmaus and as Chairman of the Audit Committee and a member of the Corporate Governance and Compensation Committee of the Board from January 20216 to September 2018. He has served as Vice President – Finance of Crinetics Pharmaceuticals, Inc. (NASDAQ: CRNX), San Diego, California, from August 2021 to May 2025. Prior to that time, Mr. Kuwahara served as Senior Vice President – Finance and Administration of Novus Therapeutics, Inc. (NASDAQ: NVUS), Irvine, California, from July 2016 to July 2021 and in senior finance and accounting positions with a number of other life sciences companies. Mr. Kuwahara is a Certified Public Accountant and holds a Bachelor of Business Administration, Accounting, degree from the University of Hawaii at Manoa, Honolulu, Hawaii. We believe Mr. Kuwahara's prior experience with the Company and ongoing expertise and experience in SEC financial reporting and accounting matters makes his well-qualified to serve as a director and Audit Committee member.

**Family and Other Relationships**

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

Mr. Zen was originally appointed to the board of directors of EMI Holding on June 18, 2018 pursuant to the terms of outstanding convertible promissory notes dated November 6, 2017 and January 15, 2018 held by Mr. Zen and Wealth Threshold Limited, respectively, which entitled the note holders to designate one director if the aggregate investment in EMI Holding by the note holders and related note holders exceeded $20 million.

**Board of Directors and Committees and Director Independence**

Our board of directors currently consists of three members. Our board of directors has determined that each of Wei Peu Zen, and Jon Kuwahara is an "independent" director as defined by The NASDAQ Marketplace Rules currently in effect and all applicable rules and regulations of the SEC. Both members of the Audit Committee satisfy the "independence" standards of The NASDAQ Marketplace Rules applicable to members of such committee. The board of directors made this affirmative determination regarding these directors' independence based on discussions with the directors and its review of the directors' responses to a standard questionnaire regarding affiliations, family and other relationships and transactions between each director or any member of his or her immediate family and the Company or its subsidiaries or affiliates.

**Audit Committee**

Mr. Kuwahara currently serves as the sole member of our Audit Committee and is an independent director as defined by The NASDAQ Marketplace Rules. Mr. Kuwahara also qualifies as an "audit committee financial expert" as defined under Item 407(d) of Regulation S-K. The purpose of the Audit Committee is to represent and assist our board of directors in its general oversight of our accounting and financial reporting processes, audits of the financial statements and internal control and audit functions. The Audit Committee's primary responsibilities and duties are to:

- Serve as an independent and objective party to monitor the Company's financial reporting process, internal control system and disclosure control system.
- Review and appraise the audit efforts of the company's independent accountants.
- Assume direct responsibility for the appointment, compensation, retention and oversight of the work of the outside auditors and for the resolution of disputes between the outside auditors and the Company's management regarding financial reporting issues,
- Provide an open avenue of communication among the independent accountants, financial and senior management and the board of directors.

The board of directors has adopted a written charter for the Audit Committee. A copy of the Audit Committee Charter is available on our website at www.emmausmedical.com.

**Governance and Nominations Committee and Compensation Committee**

Our board of directors previously established both a Governance and Nominations Committee and a Compensation Committee, but the activities of the Committees have been suspending pending the possible eventual up listing of our common stock to a national securities exchange. In the meantime, our board of directors as a whole is responsible for the functions of the Committees.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Our common stock is currently registered under Section 12 of the Securities Exchange Act. As a result, and pursuant to Rule 16a-2, our directors and executive officers and beneficial owners of 10% or more of our common stock are currently required to file statements of beneficial ownership with respect to their ownership of our equity securities under Sections 13 or 16 of the Exchange Act. Based on a review of written representations from our executive officers and directors and a review of Forms 3 and 4 and any Forms 5 furnished to us, we believe that during the fiscal year ended December 31, 2025 our directors and officers filed all reports required by Section 16(a) of the Exchange Act.

**Code of Conduct and Ethics**

Our board of directors has approved a Code of Conduct and Ethics, which we refer to as the Code of Ethics, which applies to our directors, officers and employees. The Code of Ethics addresses, among other things, honesty and ethical conduct, conflicts of interest, compliance with laws, regulations, and policies, including disclosure requirements under the federal securities laws, confidentiality, trading on inside information, and reporting of violations of the Code of Ethics. A copy of the Code of Ethics is available on our website at www.emmausmedical.com. Requests for copies of the Code of Ethics should be sent to Emmaus License Sciences, Inc., Attention: Secretary, 21250 Hawthorne Boulevard, Suite 800, Torrance, California 90503.

**Insider Trading Policy**

The Company has adopted insider trading policies and procedures governing the purchase, sale and other disposition of the Company's securities, a copy of which is included as Exhibit 19 to this Annual Report.

## ITEM 11. EXECUTIVE COMPENSATION

**Summary Compensation Table**

The following table sets forth information concerning the compensation earned by our principal executive officers, and our two other most highly compensated executive officers, whom we refer to as our "named executive officers," for the fiscal years ended December 31, 2025 and 2024:

| Name and Position | Year ended December 31 | Salary | Bonus | Stock Awards | Option Awards | All Other Compensation | Total |
|---|---|---|---|---|---|---|---|
| Willis C. Lee | 2025 | 248,181 | — | — | — | — | 248,181 |
| Chief Executive Officer | 2024 | 233,018 | — | — | 18,073 | — | 251,091 |
| Yasushi Nagasaki (2) | 2025 | 125,600 | — | — | — | — | 125,600 |
| Chief Financial Officer | 2024 | 241,257 | — | — | 18,073 | — | 259,330 |
| Hiroko Huynh (2) | 2025 | 100,000 | — | — | — | — | 100,000 |
| Chief Accounting Officer | | | | | | | |
| Charles Stark | 2025 | 218,750 | — | — | | — | 218,750 |
| Chief Science Officer & EVP of Clinical Development and Medical Affairs | 2024 | 202,350 | — | — | 18,073 | — | 220,423 |
| George Sekulich (1) | 2025 | — | — | — | — | — | — |
| Former Chief Commercial Officer | 2024 | 208,353 | — | — | 18,073 | 34,284 | 260,710 |

(1) On October 4, 2024, Mr. Sekulich ceased to serve as our Chief Commercial Officer.
(2) On July 1, 2025, Mr. Nagasaki ceased to serve as our Chief Financial Officer and Ms. Huynh is promoted to serve as our Chief Accounting Officer.

The compensation of Mr. Lee does not reflect annual performance bonuses contemplated by his employment agreement. No specific performance criteria were established for payment of such bonuses for 2025 or 2024.

**Outstanding Equity Awards at 2025 Fiscal Year End**

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2025:

| Name | Number of Securities Underlying Unexercised Awards Exercisable | Number of Securities Underlying Unexercised Awards Unexercisable | Exercise Price | Expiration Date |
|---|---|---|---|---|
| Willis C. Lee | 315,043 | — | $ 4.76 | 5/10/2026 |
| | 319,445 | 180,555 | $ 4.50 | 1/11/2033 |
| | 200,000 | — | $ 0.15 | 1/31/2034 |
| Yasushi Nagasaki | 315,043 | — | $ 4.76 | 5/10/2026 |
| | 95,834 | 54,166 | $ 4.50 | 1/11/2033 |
| | 200,000 | — | $ 0.15 | 1/31/2034 |
| Hiroko Huynh | 50,000 | — | $ 0.15 | 1/31/2034 |
| Charles Stark | 105,014 | — | $ 4.76 | 5/10/2026 |
| | 63,890 | 36,110 | $ 4.50 | 1/11/2033 |
| | 200,000 | — | $ 0.15 | 1/31/2034 |

**Employment Agreements**

On April 5, 2011, Emmaus Medical, Inc., our indirect wholly owned subsidiary, entered into employment agreement with Mr. Lee. The Employment Agreements had an initial two-year term, which renews automatically for consecutive one-year periods unless we or the officer provides notice of non-renewal at least 60 days prior to the expiration of the then current term.

*Base Salary, Bonus and Other Compensation.* Mr. Lee's base salary in 2025 was $240,000. In addition to the base salary, each officer may be entitled to receive an annual performance bonus based on the officer's performance. The officers are also eligible to receive paid vacation and to participate in health and other benefit plans and to be reimbursed for reasonable and necessary business expenses on the same basis as our other employees.

*Equity Compensation.* The Employment Agreement provides that on December 31 of each calendar year, or as soon as reasonably practicable after such date (each a "Grant Date"), we will grant non-qualified 10-year stock options with a Black-Scholes-Merton value of $50,000 to Mr. Lee with an exercise price per share equal to the "Fair Market Value" (as such term is defined in our 2011 Stock Incentive Plan) on the applicable Grant Date. The options are to vest as to one-third of the option shares on each of the first three anniversaries of the Grant Date. Any unvested options are to vest immediately upon a change in control (as defined below), termination of the officer's employment other than a voluntary termination by the officer or our termination of the officer for cause. In the event the officer is terminated for any reason other than cause, death or disability or retirement, each option, to the extent that it is exercisable at the time of such termination, shall remain exercisable for the 90-day period following such termination, but in no event following the expiration of its term. In the event the officer's employment terminates on account of death, disability or, with respect to any non-qualified stock option, retirement, each option granted that is outstanding and vested as of the date of such termination shall remain exercisable by such officer (or the officer's legal representatives, heirs or legatees) for the one-year period following such termination, but in no event following the expiration of its term. No such stock option grants were made for either of the years ended December 31, 2025 or 2024.

*Severance Compensation.* If Mr. Lee's employment is terminated for any reason during the term of his Employment Agreement, other than for cause or without good reason, he will be entitled to receive his base salary prorated through the termination date, any expense reimbursement due and owing for reasonable and necessary business expenses, and unpaid vacation benefits (the "Voluntary Termination Benefits"). If Mr. Lee's employment is terminated due to his death or disability during the term of his employment agreement, he will also receive an amount equal to his target annual performance bonus, if any, and in the case of a termination due to disability, six additional months of his base salary to be paid out over a six-month period and payment of COBRA benefits for six months following the termination. If Mr. Lee's employment is terminated without cause or he resigns with good reason (but not within two years following a change in control) during the term of his employment agreement, he will receive the Voluntary Termination Benefits and, subject to his signing a Release if all claims relating to his employment, a severance package equal to six months' base salary to be paid

out over a six-month period, an amount equal to half of the targeted annual performance bonus, if any, and payment of COBRA benefits for six months following the termination.

Termination with cause includes a proven act of dishonesty, fraud, embezzlement or misappropriation of company proprietary information; a conviction of, or plea of nolo contendere to, a felony or a crime involving moral turpitude; willful misconduct which cannot be cured on reasonable notice to the officer; or the officer's habitual failure or refusal to perform his duties if such failure or refusal is not cured within 20 days after receiving written notice thereof from the board of directors. Good reason includes a reduction of more than 10% to the officer's base salary or other compensation (except as part of a general reduction for all executive employees); a material diminution of the officer's authority, responsibilities, reporting or job duties (except for any reduction for cause); the company's material breach of the Employment Agreement; or a relocation of the business requiring the officer to move or drive to work more than 40 miles from the location of our former offices. The officer may terminate the Employment Agreement for good reason if he provides written notice to the Company within 90 days of the event constituting good reason and the Company fails to cure the good reason within 30 days after receiving such notice.

*Change of Control.* Mr. Lee's Employment Agreements will not terminate upon a "change of control," which means any merger or reorganization where the holders of the company's capital stock prior to the transaction own fewer than 50% of the shares of capital stock after the transaction, an acquisition of 50% of the voting power of the company's outstanding securities by another entity, or a transfer of at least 50% of the fair market value of the company's assets. Upon Mr. Lee's termination without cause or for good reason that occurs within two years after a change of control, he will be entitle to receive the Voluntary Termination Benefits and, subject to his signing a Release of all claims relating to his employment, a severance package equal to one year's base salary to be paid out over a 12-month period, an amount equal to the full-year targeted annual performance bonus, if any, payment of COBRA benefits for 12 months following the termination, and a one-time cash payment of $200,000. In addition, Mr. Lee's unvested equity awards will vest upon such termination and he will have 36 months in which to sell or exercise such awards (subject to expiration of the term of such options).

**Director Compensation**

The following is a summary of the compensation of our non-employee directors for 2025:

- $100,000 cash compensation, payable in quarterly installments.
- possible awards of stock options as determined by the Compensation Committee or the Board.

The following table sets forth information regarding the compensation earned by our non-employee directors for the fiscal year ended December 31, 2025. Our employee directors are not compensated for their services as directors.

| Name | Fees Earned or Paid in Cash | Option Awards | Total |
|---|---|---|---|
| Wei Peu Zen | $ 100,000 | $ — | $ 100,000 |
| Ian Zwicker (1) | 100,000 | — | 100,000 |
| Jon Kuwahara | 100,000 | — | 100,000 |
| Total | $ 300,000 | $ — | $ 300,000 |

(1) Mr. Zwicker resigned as a director effective December 31, 2025.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information as of March 20, 2026 with respect to beneficial ownership of our common stock based on issued and outstanding shares of common stock owned by:

- Each person known to us to be the beneficial owner of 5% or more of our outstanding common stock;
- Each named executive officer;
- Each director; and
- All our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock subject to options, warrants and convertible notes held by that person that are exercisable on or within 60 days of March 20, 2026 are deemed outstanding. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the stockholder's name, subject to community property laws, where applicable.

Unless otherwise indicated in the table or footnotes, the address of each 5% or more owner is c/o Emmaus Life Sciences, Inc., 21250 Hawthorne Boulevard, Suite 800, Torrance, California 90503.

| Name of Beneficial Owner | Title | Amount and Nature of Beneficial Ownership of Shares of Common Stock | | Percent of Class (1) |
|---|---|---|---|---|
| Directors and Executive Officers | | | | |
| Willis C. Lee | Chairman and Chief Executive Officer | 2,050,761 | (2) | 2.6% |
| Hiroko Huynh | Chief Accounting Officer | 50,000 | (3) | * |
| Charles Stark | Chief Science Officer & Executive Vice President of Clinical Development and Medical Affairs, Clinical, Regulatory | 118,182 | (4) | * |
| Jon Kuwahara | Director | — | | * |
| Wei Peu Zen | Director | 6,239,031 | (5) | 8.9% |
| Officers and Directors as a Group (6 persons) | | 8,457,974 | (6) | 12.0% |
| | | | | |
| 5% or More Owners | | | | |
| Yutaka Niihara, M.D., M.P.H. | | 12,202,851 | (7) | 17.4% |
| John Woo Lee | | 6,322,692 | (8) | 9.0% |
| Telcon RF Pharmaceutical, Inc. | | 4,147,491 | (9) | 6.5% |
| Seah H. Lim | | 3,277,446 | (10) | 6.5% |

* Represents beneficial ownership of less than 1%.

(1) Based on 70,188,263 shares of common stock issued and outstanding as of March 15, 2026.

(2) Includes 1,015043 shares underlying stock options.

(3) Includes 50,000 shares underlying stock options.

(4) Includes 100,000 shares underlying stock options.

(5) Includes 200,000 shares underlying stock options and 1,270,214 shares owned by Profit Preview International Group Limited, a Hong Kong limited company wholly owned by Mr. Zen. Excludes 521,827 shares owned by Smart Start investments Limited, a Hong Kong corporation and wholly owned subsidiary of Build King Holdings Limited, a Hong Kong stock exchange listed company, of which the Mr. Zen is a director and 9.96% shareholder, and 350,048 shares owned by Top Ability International, Ltd., a Hong Kong corporation and wholly owned subsidiary of Wai Kee Holdings Limited, a Hong Kong stock exchange listed company of which Mr. Zen is a director and 31.45% shareholder, as to which shares Mr. Zen disclaims beneficial ownership.

(6) Includes 2,318,435 shares underlying stock options.

(7) Includes 12,047,057 shares held jointly by Dr. Niihara and Soomi Niihara, his wife, 63,000 shares held by Soomi Niihara and 92,794 shares owned by Hope International Hospice, Inc., or Hope Hospice. Dr. Niihara is the chief executive officer and a co-director of Hope Hospice and shares voting and investment power over such shares. The information for Dr. Niihara, whose address is c/o Hope International Hospice, Inc., 20705 S. Western Avenue, Unit 112 Torrance, CA 90501, is based solely on his Schedule 13D/A filed with the SEC on February 21, 2023 and may not be up to date.

(8) The information regarding Mr. Lee is based on beneficial ownership information available to us as of March 20, 2026.

(9) The information regarding Telcon RF Pharmaceutical, Inc. whose address is S-Tower 14th Floor 439 Bongunsa-ro, Gangnam-gu, Seoul, South Korea is based solely on its Schedule 13G filed with the SEC on August 26, 2019.

(10) The information regarding Dr. Lim is based on beneficial ownership inforamtion available to us as of December 31, 2025.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as described below in this section, since the beginning of our last fiscal year, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were a party:

- in which the amount involved exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years; and
- in which any director, executive officer, or other stockholder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

**Loans by Related Persons**

The following table sets forth information relating to loans from related parties evidenced by promissory notes payable and convertible promissory notes payable to related persons outstanding at any time during the fiscal year ended December 31, 2025 (amounts in thousands).

| Class | Lender | Interest Rate | Date of Loan | Term of Loan | Principal Amount Outstanding December 31, 2025 | Highest Principal Outstanding | Amount of Principal Repaid or Converted into Stock | Amount of Interest Paid |
|---|---|---|---|---|---|---|---|---|
| **Promissory note payable - related parties:** | | | | | | | | |
| | Willis Lee(2) | 12% | 10/29/2020 | On Demand | 100 | 100 | — | — |
| | Soomi Niihara(1) | 12% | 12/7/2021 | On Demand | 700 | 700 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 2/9/2022 | On Demand | 350 | 350 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 2/15/2022 | On Demand | 210 | 210 | — | — |
| | Soomi Niihara(1) | 10% | 2/15/2022 | On Demand | 100 | 100 | — | — |
| | Hope International Hospice, Inc.(1) | 12% | 3/15/2022 | On Demand | 150 | 150 | — | — |
| | Hope International Hospice, Inc.(1) | 12% | 3/30/2022 | On Demand | 150 | 150 | — | — |
| | Wei Peu Zen(2) | 10% | 3/31/2022 | On Demand | 200 | 200 | — | — |
| | Albert Niihara(3) | 10% | 4/4/2022 | On Demand | 110 | 350 | 240 | 150 |
| | Willis Lee(2) | 10% | 4/14/2022 | On Demand | 45 | 45 | — | — |
| | Albert Niihara(3) | 10% | 4/19/2022 | On Demand | 250 | 250 | — | 35 |
| | Hope International Hospice, Inc.(1) | 10% | 5/25/2022 | On Demand | 40 | 40 | — | — |
| | Dr. Yutaka and Soomi Niihara(1) | 12% | 7/27/2022 | 5 years | 402 | 402 | — | 48 |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 8/16/2022 | 5 years | 250 | 250 | — | 25 |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 8/16/2022 | 5 years | 1,669 | 1,669 | — | 167 |
| | Hope International Hospice, Inc.(1) | 10% | 8/17/2022 | On Demand | 50 | 50 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 10/20/2022 | On Demand | 100 | 100 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 3/17/2023 | On Demand | 100 | 100 | — | — |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 3/21/2023 | On Demand | 127 | 127 | — | — |
| | Wei Peu Zen(2) | 60% | 12/1/2023 | 2 months | 350 | 350 | — | |
| | | | | **Total** | **$ 5,453** | **$ 5,693** | **$ 240** | **$ 425** |

(1) Soomi Niihara is the wife of Dr. Niihara, our former Chairman and Chief Executive Officer. Dr. Niihara is also director and the Chief Executive Officer of Hope International Hospice, Inc.

(2) Officer or director.

(3) Albert Niihara is the adult son of Dr. and Mrs. Niihara.

The proceeds of the above loans were used working capital and general corporate purposes.

**Policy for Approval of Related Party Transactions**

The Audit Committee of our Board of Directors is responsible for reviewing and approving all related party transactions.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table presents all fees, including reimbursements for expenses, billed for professional services rendered by our principal accountant for the years ended December 31, 2025 and 2024 (in thousands):

| | 2025 | 2024 | |
|---|---|---|---|
| | CBIZ | Marcum | Baker Tilly |
| Audit Fees | $ 465 | $ 90 | $ 165 |
| Audit–Related Fees | — | — | — |
| Tax Fees | — | — | — |
| All Other Fees | — | — | — |
| Total | $ 465 | $ 90 | $ 165 |

The Audit Committee has adopted a formal policy on auditor independence requiring the advance approval by the Audit Committee of all audit and non-audit services provided by our independent registered public accounting firm. In determining whether to approve any services by our independent registered public accounting firm, the Audit Committee reviews the scope of and estimated fees for the services and considers whether the proposed services may adversely affect the firm's independence. On an annual basis, our management reports to the Audit Committee all audit services performed during the previous 12 months and all fees billed by our independent registered public accounting firm for such services.

In fiscal 2025 and 2024, all audit services and the corresponding fees were approved by the Audit Committee.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements: See "Index to Consolidated Financial Statements" on page F-1 of this Annual Report.
2. Financial Statement Schedule: See Notes to Consolidated Financial Statements starting on page F-8 of this Annual Report.
3. Exhibits: The exhibits listed in the following "Exhibit Index" are filed or incorporated by reference as part of this Annual Report.

**Exhibit Index**

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 3.1 | Restated Certificate of Incorporation. | 10-K | 001-35527 | 3.1 | January 25, 2021 | |
| 3.2 | Amended and Restated By-Laws. | 8-K | 001-35527 | 3.4 | July 22, 2019 | |
| 4.1 | Specimen Common Stock Certificate. | 10-K | 001-35527 | 4.1 | March 31, 2022 | |
| 4.2+ | Emmaus Life Sciences, Inc. 2021 Incentive Plan | DEF14A | 001-35527 | Annex B | October 12, 2021 | |
| 4.3+ | Form of Incentive Stock Option Agreement under 2021 Stock Incentive Plan | S-8 | 001-35527 | 4.2 | December 30, 2021 | |
| 4.4+ | Form of Non-Qualified Stock Option Agreement under 2021 Stock Incentive Plan (Non-Employee Director Grantee) | S-8 | 001-35527 | 4.3 | December 30, 2021 | |
| 4.5+ | Form of Non-Qualified Stock Option Agreement under 2021 Stock Incentive Plan (Non-Director Grantee) | S-8 | 001-35527 | 4.4 | December 30, 2021 | |
| 4.6+ | Emmaus Life Sciences, Inc. Amended and Restated 2011 Equity Incentive Plan. | DEF14A | 000-53072 | Annex A | September 19, 2014 | |
| 4.7+ | Form of Incentive Stock Option Agreement (Time-Based and Performance-Based Vesting) under 2011 Stock Incentive Plan. | 8-K | 000-142031 | 10.3a | May 4, 2011 | |
| 4.8+ | Form of Incentive Stock Option Agreement (Time-Based Vesting) under 2011 Equity Incentive Plan. | 8-K | 000-142031 | 10.3b | May 4, 2011 | |
| 4.9+ | Form of Non-Qualified Stock Option Agreement (Time-Based and Performance-Based Vesting) under 2011 Equity Incentive Plan. | 8-K | 000-142031 | 10.3c | May 4, 2011 | |
| 4.10+ | Form of Non-Qualified Stock Option Agreement (Time-Based Vesting) under 2011 Equity Incentive Plan. | 8-K | 000-142031 | 10.3d | May 4, 2011 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 4.11+ | Form of the Restricted Stock Agreement (Time-Based and Performance-Based Vesting) under 2011 Equity Incentive Plan. | 8-K | 000-142031 | 10.3e | May 4, 2011 | |
| 4.12+ | Form of Restricted Stock Agreement (Time-Based Vesting) under 2011 Equity Incentive Plan. | 8-K | 000-142031 | 10.3f | May 4, 2011 | |
| 4.13 | Form of Common Stock Purchase Warrants dated as of January 11, 2023 | 8-K | 001-35527 | 4.1 | March 7, 2023 | |
| 4.14 | Common Stock Purchase Warrant dated January 27, 2023 | 8-K | 001-35527 | 4.3 | March 7, 2023 | |
| 4.15 | Convertible Promissory Note dated September 5, 2023 | 10-Q | 001-35527 | 4.1 | November 14, 2023 | |
| 4.16 | Form of Convertible Promissory Note Due February 24, 2025 | 8-K | 001-35527 | 4.1 | February 26, 2024 | |
| 4.17 | Convertible Promissory Note dated December 17, 2025 | 8-K | 001-35527 | 4.1 | December 22, 2025 | |
| 10.1 | Loan Agreement dated as October 3, 2018 between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and EJ Holdings, Inc. | 10-Q | 001-35527 | 10.7 | November 13, 2019 | |
| 10.2+ | Executive Employment Agreement dated as of April 5, 2011 between Emmaus Medical, Inc. and Willis Lee. | 8-K | 000-142031 | 10.13 | May 4, 2011 | |
| 10.3+ | Form of Indemnification Agreement between Emmaus Life Sciences, Inc. and its former and current directors and officers. | 8-K | 000-35527 | 10.1 | September 25, 2017 | |
| 10.4 | Letter of Intent by and between Ajinomoto Aminoscience LLC and Emmaus Medical, Inc. | 8-K/A | 000-142031 | 10.24 | July 5, 2011 | |
| 10.5 | Office Lease dated October 20, 2014 by and between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and Bixby Torrance LLC. | 10-K | 001-35527 | 10.23(F) | March 31, 2015 | |
| 10.6 | First Amendment to Office Lease Agreement dated February 1, 2018 between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and RREF Pacific Center LLC. | 10-K | 000-142031 | 10.24a | March 21, 2019 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 10.7 | Second Amendment to Office Lease Agreement dated December, 2018 between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and RREF Pacific Center LLC. | 10-K | 000-142031 | 10.24b | March 21, 2019 | |
| 10.8 | Third Amendment to Office Lease Agreement dated September 10, 2019 between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and RREF Pacific Center LLC. | 10-K | 001-35527 | 10.23 | January 25, 2021 | |
| 10.9 | Fourth Amendment to Office Lease Agreement dated November 20, 2024 between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and RREF Pacific Center LLC. | 10-K | 001-35527 | 10.9 | April 14, 2025 | |
| 10.10 | Fifth Amendment to Office Lease Agreement dated April 15, 2025 between EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) and RREF Pacific Center LLC. | | | | | * |
| 10.11 | Revised Management Control Acquisition Agreement dated September 29, 2017 by and among the registrant, Telcon Holdings, Inc. and Telcon, Inc. (now known as Telcon RF Pharmaceutical Inc.) | 10-Q | 000-142031 | 10.3 | November 14, 2017 | |
| 10.12 | Distributor agreement entered into as of June 15, 2017 between Telcon Inc. (now known as Telcon RF Pharmaceutical Inc.) and Emmaus Life Sciences, Inc. (now known as EMI Holding, Inc.) | 10-K | 001-35527 | 10.25 | January 25, 2021 | |
| 10.13 | Amendment for Distributor Agreement entered into as of January 11, 2018 between Telcon Inc. (now known as Telcon RF Pharmaceutical Inc.) and Emmaus Life Sciences, Inc. (now known as EMI Holding, Inc.) | 10-K | 001-35527 | 10.26 | January 25, 2021 | |
| 10.14 | Raw Material Supply Agreement dated July 12, 2017 between Telcon Inc. (now known as Telcon RF Pharmaceutical Inc.) and Emmaus Life Sciences, Inc. | 10-K | 001-35527 | 10.27 | January 25, 2021 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| | (now known as EMI Holding, Inc.) | | | | | |
| 10.15 | API Supply Agreement made as of June 16, 2017 between Telcon Inc. (now known as Telcon RF Pharmaceutical Inc.) and Emmaus Life Sciences, Inc. (now known as EMI Holding, Inc.) | 10-K | 001-35527 | 10.28 | January 25, 2021 | |
| 10.16 | Additional Agreement made as of July 2, 2018 between Telcon Inc. (now known as Telcon RF Pharmaceutical Inc.) and Emmaus Life Sciences, Inc. (now known as EMI Holding, Inc.) | 10-K | 001-35527 | 10.29 | January 25, 2021 | |
| 10.17 | Right to Sell (Call Option) Agreement between Emmaus Life Sciences, Inc. and Telcon RF Pharmaceutical, Inc. | 10-K | 001-35527 | 10.35 | January 25, 2021 | |
| 10.18 | Loan Agreement Dated October 28, 2020 Between Emmaus Life Sciences, Inc. and EJ Holdings, Inc. | 8-K | 001-35527 | 10.1 | November 13, 2020 | |
| 10.19 | Amendment No. 1 to Loan Agreement dated January 5, 2022 between Emmaus Life Sciences, Inc. and EJ Holdings, Inc. | 10-K | 001-35527 | 10.21 | March 31, 2022 | |
| 10.20 | License Agreement between Kainos Medicine, Inc. and Emmaus Life Sciences, Inc. | 10-K | 001-35527 | 10.22 | March 31, 2022 | |
| 10.21 | Promissory Note dated December 7, 2021 issued by registrant to Soomi Niihara. | 10-K | 001-35527 | 10.26 | March 31, 2022 | |
| 10.22 | Amendment No.1 to Convertible Promissory Note of EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) dated as of July 8, 2019 | 10-K | 001-35527 | 10.20 | July 3, 2024 | |
| 10.23 | Amendment No. 2 to Convertible Promissory Note of EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) dated as of January 15, 2020 | 10-K | 001-35527 | 10.37 | May 4, 2021 | |
| 10.24 | Amendment No. 3 to Convertible Promissory Note of EMI Holding, Inc. (formerly, Emmaus | 10-K | 001-35527 | 10.38 | May 4, 2021 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| | Life Sciences, Inc.) dated as of June 15, 2020. | | | | | |
| 10.25 | Amendment No. 4 to Convertible Promissory Note of EMI Holding, Inc. (formerly, Emmaus Life Sciences, Inc.) dated as of June 15, 2023. | 10-K | 001-35527 | 10.23 | July 3, 2024 | |
| 10.26 | Securities Purchase Agreement dated as of February 8, 2021 among Emmaus Life Sciences, Inc. and the "Purchasers" thereunder, including form of Convertible Promissory Note attached thereto as Exhibit A | 8-K | 001-35527 | 10.1 | February 16, 2021 | |
| 10.27 | Transfer Restriction and Voting Agreement dated as of February 8, 2021 between Emmaus Life Sciences, Inc. and the "Purchasers" thereunder. | 8-K | 001-35527 | 10.2 | February 16, 2021 | |
| 10.28 | Form of Promissory Note dated January 2022 issued to Soomi Niihara | 10-Q | 001-35527 | 10.1 | May 13, 2022 | |
| 10.29 | Form of Promissory Note issued to the persons indicated on Schedule A thereto | 10-Q | 001-35527 | 10.2 | May 13, 2022 | |
| 10.30 | Promissory Note dated March 31, 2022 issued to Wei Peu Zen | 10-Q | 001-35527 | 10.3 | May 13, 2022 | |
| 10.31 | Promissory Note dated July 27, 2022 issued to Yutaka and Soomi Niihara | 10-Q | 001-35527 | 10.1 | November 14, 2022 | |
| 10.32 | Promissory Note dated August 16, 2022 issued to Yutaka and Soomi Niihara | 10-Q | 001-35527 | 10.3 | November 14, 2022 | |
| 10.33 | Promissory Note dated August 16, 2022 issued to Yutaka and Soomi Niihara | 10-Q | 001-35527 | 10.4 | November 14, 2022 | |
| 10.34 | Promissory Noted dated August 17, 2022 issued to Hope International Hospice, Inc. | 10-Q | 001-35527 | 10.6 | November 14, 2022 | |
| 10.35 | Promissory Note dated October 20, 2022 issued to Hope International Hospice, Inc. | 10-K | 001-35527 | 10.42 | March 31, 2023 | |
| 10.36 | Promissory Note dated February 17, 2023 issued by registrant to Shigeru Matsuda. | 10-Q | 001-35527 | 10.2 | May 15, 2023 | |
| 10.37 | Promissory Noted dated March 17, 2023 issued to Hope International Hospice, Inc. | 10-Q | 001-35527 | 10.5 | May 15, 2023 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 10.38 | Promissory Note dated March 21, 2023 issued to Yutaka and Soomi Niihara | 10-Q | 001-35527 | 10.6 | May 15, 2023 | |
| 10.39 | Promissory Note dated April 24, 2023 issued by registrant to Eastwind, Ltd. | 10-Q | 001-35527 | 10.1 | August 14, 2023 | |
| 10.40 | Promissory Note dated May 26, 2023 issued by registrant to Shigeru Matsuda. | 10-Q | 001-35527 | 10.3 | August 14, 2023 | |
| 10.41 | Form of Convertible Promissory Note Due February 24, 2025 | 8-K | 001-35527 | 4.1 | February 26, 2024 | |
| 10.42 | Exchange Agreement dated as of February 21, 2024 | 8-K | 001-35527 | 10.1 | February 26, 2024 | |
| 10.43 | Form of Joinder Agreement and Amendment to Transfer Restriction and Voting Agreement | 8-K | 001-35527 | 10.2 | February 26, 2024 | |
| 10.44 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated May 1, 2024 | 10-Q | 001-35527 | 10.1 | September 10, 2024 | |
| 10.45 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated September 16, 2024 | 10-Q | 001-35527 | 10.1 | November 19, 2024 | |
| 10.46 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated December 2, 2024 | 10-K | 001-35527 | 10.48 | April 14, 2025 | |
| 10.47 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated February 13, 2025 | 10-Q | 001-35527 | 10.1 | May 15, 2025 | |
| 10.48 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated April 29, 2025 | 10-Q | 001-35527 | 10.1 | August 14, 2025 | |
| 10.49 | Agreement for the Purchase and Sale of Future Receipts with I Fund expert dated June 9, 2025 | 10-Q | 001-35527 | 10.2 | August 14, 2025 | |
| 10.50 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated July 31, 2025 | 10-Q | 001-35527 | 10.1 | November 14,2025 | |
| 10.51 | Future Receivables Sale and Purchase Agreement with Velocity Capital Group dated September 18, 2025 | 10-Q | 001-35527 | 10.2 | November 14,2025 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 10.52 | Agreement for the Purchase and Sale of Future Receipts with I Fund expert dated October 1, 2025 | | | | | * |
| 10.53 | Agreement for the Purchase and Sale of Future Receipts with Agile Capital dated October 29, 2025 | | | | | * |
| 10.54 | Agreement for the Purchase and Sale of Future Receipts with Breeze dated December 9, 2025 | | | | | * |
| 10.55++ | License and Exclusive Distribution Agreement dated as of December 24, 2025 between NeoImmuneTech, Inc. and Emmaus Life Sciences, Inc. | | | | | * |
| 10.56 | Exchange Agreement dated as of December 17, 2025 | 8-K | 001-35527 | 10.1 | December 22, 2025 | |
| 19.1 | Policy on Insider Trading and Policy Regarding Special Trading Procedures | 10-K | 001-35527 | 19.1 | March 31, 2023 | |
| 21.1 | List of Subsidiaries. | | | | | * |
| 23.1 | Consent of Independent Registered Public Accounting Firm CBIZ CPAs P.C | | | | | * |
| 23.2 | Consent of Independent Registered Public Accounting Firm Marcum, LLP. | | | | | * |
| 31.1 | Certification of Chief Executive Officers pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | * |
| 31.2 | Certification of Chief Accounting Officer pursuant of Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | | * |
| 32.1 | Certification of Chief Executive Officers and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | | * |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed/ Furnished |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 101.INS | Inline XBRL Instance Document (embedded within the Inline XBRL document) | | | | | |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | | | |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) | | | | | |

+ Management contract or compensatory plan, contract or arrangement

* Filed herewith.

++ Certain portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the SEC upon its request.

**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, in the City of Torrance, California.

**Emmaus Life Sciences, Inc.**

| | |
|---|---|
| By: | */s/ Willis C. Lee* |
| | Willis C. Lee |
| Title: | Chairman, Chief Executive Officer (Principal Executive Officer) |
| Date | March 30, 2026 |

| | |
|---|---|
| By: | */s/ Hiroko Huynh* |
| | Hiroko Huynh |
| Title: | Chief Accounting Officer (Principal Financial and Accounting Officer) |
| Date | March 30, 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.

**POWER OF ATTORNEY**

Each person whose signature appears below constitutes and appoints Willis C. Lee as his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

| | |
|---|---|
| By: | */s/ Jon Kuwahara* |
| | Jon Kuwahara |
| Title: | Director |
| Date | March 30, 2026 |

| | |
|---|---|
| By: | */s/ Wei Peu Zen* |
| | Wei Peu Zen |
| Title: | Director |
| Date | March 30, 2026 |

**INDEX TO FINANCIAL STATEMENTS**

**EMMAUS LIFE SCIENCES, INC.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Emmaus Life Sciences, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Emmaus Life Sciences, Inc. (the "Company") as of December 31, 2025, the related consolidated statements of operations and comprehensive loss, changes in stockholders' deficit and cash flows for the year ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, based on our audit, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated 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 audit 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 audit 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 audit 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 audit provides a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Variable Considerations**

*Description of the Matter*

As described in Note 2 to the consolidated financial statements, Revenue from product sales is recorded at the transaction price, net of estimates for variable consideration consisting of sales discounts, returns, government rebates, chargebacks and commercial discounts. The Company recorded sales deductions of approximately $4.0 million for the year ended of December 31, 2025. Actual amounts of consideration ultimately received may differ from estimates. If actual results vary materially from estimates, the Company will adjust these estimates, which will affect net sales of the products and results from operations in the period such estimates are adjusted.

We identified the determination of variable consideration as a critical audit matter. Significant judgment is exercised by the Company in estimating variable consideration when determining the amount of revenue to recognize. Given these factors, the related audit effort in evaluating management's judgments in determining the amount of variable consideration used to determine the transaction price was extensive and required a high degree of auditor judgment.

*How We Addressed the Matter*

- Obtained an understanding of the Company's process and controls related to the determination of sales deductions;
- Evaluated the Company's accounting policies related to the determination of variable consideration in the calculation of the transaction price;
- Evaluated the reasonableness of management's estimate of variable consideration in accordance with their accounting policies based on contractual terms and historical data and variable consideration estimates;
- Tested variable consideration amounts on a sample basis by recalculating recorded amounts based on contractual terms; and
- Tested the mathematical accuracy of management's calculations of net revenue and the associated timing of net revenue recognized in the consolidated financial statements.

**Investment in Convertible Bond**

*Description of the Matter*

As described in Note 5 to the consolidated financial statements, the Company purchased a convertible bond and classified the bond as an available for sale security that is remeasured at fair value on a recurring basis. The fair value of the convertible bond was approximately $13.0 million as of December 31, 2025. The fair

value was determined using a Lattice pricing model and the change in fair value was recorded as part of other comprehensive loss.
We identified the determination of the fair value using the binomial lattice model as a critical audit matter. Significant judgment is exercised by the Company in determining the fair value of the convertible bond. Given these factors, the related audit effort in evaluating management's judgments in determining the fair value of the convertible bond was complex and required a high degree of auditor judgment.

*How We Addressed the Matter*

- Obtained an understanding of the Company's process of accounting for convertible bond;
- Obtained and reviewed the agreements;
- Evaluated the methods and significant assumptions used by the Company's valuation professional;
- Tested the accuracy and the completeness of the underlying data and the mathematical accuracy of the valuation report;
- Utilized auditor's valuation specialist to assist in the evaluation of the methodology used by the Company and assumptions included in determining the fair value of the convertible bond; and
- Evaluated the related disclosures in the consolidated financial statements.

/s/ CBIZ CPAs P.C.

**CBIZ CPAs P.C.**

We have served as the Company's auditor since 2024 (such date takes into account the acquisition of the attest business of Marcum LLP by CBIZ CPAs P.C. effective November 1, 2024).

Costa Mesa, California
March 30, 2026

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Emmaus Life Sciences, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Emmaus Life Sciences, Inc. (the “Company”) as of December 31, 2024, the related consolidated statements of operations and comprehensive loss, changes in stockholders’ deficit and cash flows for the year in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, based on our audit, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for year in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. 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 audit 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 audit 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 audit 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 audit provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor from 2024 through 2025.

Costa Mesa, CA
April 14, 2025

**EMMAUS LIFE SCIENCES, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share and per share amounts)**

| | As of | |
|---|---|---|
| | **December 31, 2025** | **December 31, 2024** |
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 2,127 | $ 1,389 |
| Accounts receivable, net | 2,804 | 2,623 |
| Inventories, net | 1,555 | 1,635 |
| Prepaid expenses and other current assets | 1,260 | 1,120 |
| Total current assets | 7,746 | 6,767 |
| Property and equipment, net | 113 | 46 |
| Right of use assets | 766 | 1,530 |
| Investment in convertible bond | 12,604 | 15,037 |
| Other assets | 207 | 222 |
| Total assets | $ 21,436 | $ 23,602 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 22,615 | $ 16,926 |
| Operating lease liabilities, current portion | 348 | 2,423 |
| Conversion feature derivative, notes payable | — | 162 |
| Other current liabilities | 17,565 | 16,557 |
| Warrant derivative liabilities | 13 | 8 |
| Notes payable, current portion, net of discount | 8,019 | 7,093 |
| Notes payable to related parties | 3,132 | 3,372 |
| Convertible notes payable, net of discount | 17,380 | 17,014 |
| Total current liabilities | 69,072 | 63,555 |
| Operating lease liabilities, less current portion | 1,409 | 815 |
| Other long-term liabilities | 12,292 | 13,465 |
| Notes payable to related parties, net of discount | 2,271 | 2,246 |
| Total liabilities | 85,044 | 80,081 |
| Commitments and contingent liabilities (Note 11) | | |
| **STOCKHOLDERS' DEFICIT** | | |
| Preferred stock, par value $0.001 per share, 15,000,000 shares authorized, none issued or outstanding | — | — |
| Common stock, par value $0.001 per share, 250,000,000 shares authorized, 70,188,263 and 63,865,571 shares issued and outstanding at December 31, 2025 and December 31, 2024, respectively | 70 | 64 |
| Additional paid-in capital | 225,987 | 225,896 |
| Net loan receivable from EJ Holdings | (16,869) | (16,869) |
| Accumulated other comprehensive loss | (2,729) | (2,995) |
| Accumulated deficit | (270,067) | (262,575) |
| Total stockholders' deficit | (63,608) | (56,479) |
| Total liabilities and stockholders' deficit | $ 21,436 | $ 23,602 |

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

**EMMAUS LIFE SCIENCES, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**(In thousands, except share and per share amounts)**

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **REVENUES, NET** | $ 12,453 | $ 16,653 |
| **COST OF GOODS SOLD** | 857 | 1,201 |
| **GROSS PROFIT** | 11,596 | 15,452 |
| **OPERATING EXPENSES** | | |
| Research and development | 313 | 657 |
| Selling | 2,873 | 6,002 |
| General and administrative | 8,179 | 10,687 |
| Total operating expenses | 11,365 | 17,346 |
| **INCOME (LOSS) FROM OPERATIONS** | 231 | (1,894) |
| **OTHER INCOME (EXPENSE)** | | |
| Loss on debt extinguishment | (1,363) | — |
| Change in fair value of warrant derivative liabilities | (5) | 57 |
| Change in fair value of conversion feature derivative, notes payable | 162 | 291 |
| Realized loss on investment in convertible bond | (531) | (544) |
| Gain on restructured debt | — | 1,032 |
| Gain (loss) on lease modification | 861 | (4) |
| Foreign exchange gain (loss) | 26 | (148) |
| Interest and other income (net) | 270 | 278 |
| Interest expense | (7,134) | (5,492) |
| Total other expense | (7,714) | (4,530) |
| **LOSS BEFORE INCOME TAXES** | (7,483) | (6,424) |
| Income tax provision | 9 | 29 |
| **NET LOSS** | (7,492) | (6,453) |
| | | |
| **COMPONENTS OF OTHER COMPREHENSIVE LOSS** | | |
| Unrealized gain (loss) on debt securities available for sale (net of tax) | (84) | (3,086) |
| Reclassification adjustment for loss included in net loss | 354 | 197 |
| Foreign currency translation adjustments | (4) | 54 |
| **Other comprehensive income (loss)** | 266 | (2,835) |
| **COMPREHENSIVE LOSS** | $ (7,226) | $ (9,288) |
| **NET LOSS PER COMMON SHARE - BASIC AND DILUTED** | $ (0.12) | $ (0.10) |
| **WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED** | 64,038,795 | 63,234,789 |

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

**EMMAUS LIFE SCIENCES, INC.**
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**
**(In thousands, except share and per share amounts)**

| | Common stock | | Additional paid-in | Loan receivable from EJ Holdings | Accumulated other comprehensive | Accumulated | Total stockholders' |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | capital | | loss | deficit | deficit |
| Balance, January 1, 2024 | 61,845,963 | $ 62 | $ 225,333 | $ (16,869) | $ (160) | $ (256,122) | (47,756) |
| Convertible and promissory notes converted to shares | 2,019,608 | 2 | 307 | — | — | — | 309 |
| Share-based compensation | — | — | 256 | — | — | — | 256 |
| Unrealized gain on debt securities available for sale (net of tax) | — | — | — | — | (3,086) | — | (3,086) |
| Reclassification adjustment for loss included in net loss | — | — | — | — | 197 | — | 197 |
| Foreign currency translation effect | — | — | — | — | 54 | — | 54 |
| Net loss | — | — | — | — | — | (6,453) | (6,453) |
| Balance, December 31, 2024 | 63,865,571 | 64 | 225,896 | (16,869) | (2,995) | (262,575) | (56,479) |
| Convertible notes converted to shares | 6,322,692 | 6 | 66 | — | — | — | 72 |
| Share-based compensation | — | — | 25 | — | — | — | 25 |
| Unrealized gain on debt securities available for sale | — | — | — | — | (84) | — | (84) |
| Reclassification adjustment for loss included in net loss | — | — | — | — | 354 | — | 354 |
| Foreign currency translation effect | — | — | — | — | (4) | — | (4) |
| Net loss | — | — | — | — | — | (7,492) | (7,492) |
| Balance, December 31, 2025 | 70,188,263 | $ 70 | $ 225,987 | $ (16,869) | $ (2,729) | $ (270,067) | $ (63,608) |

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

**EMMAUS LIFE SCIENCES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (7,492) | $ (6,453) |
| Adjustments to reconcile net loss to net cash flows used in operating activities | | |
| Depreciation and amortization | 39 | 22 |
| Inventory reserve | 111 | 58 |
| Amortization of discount of notes payable and convertible notes payable | 560 | 708 |
| Foreign exchange adjustments | (38) | (245) |
| Realized loss on investment in convertible bond | 531 | 544 |
| Loss on debt extinguishment | 1,363 | — |
| Gain on restructured debt | — | (1,032) |
| (Gain) loss on leased assets | (861) | 4 |
| Share-based compensation | 25 | 256 |
| Change in fair value of warrant derivative liabilities | 5 | (57) |
| Change in fair value of conversion feature derivative, notes payable | (162) | (291) |
| Net changes in operating assets and liabilities | | |
| Accounts receivable | (182) | 2,900 |
| Inventories | (21) | 7 |
| Prepaid expenses and other current assets | (140) | 605 |
| Other non-current assets | 323 | 868 |
| Accounts payable and accrued expenses | 6,456 | 1,300 |
| Other liabilities | (184) | (1,990) |
| Operating lease liabilities | (344) | 510 |
| Net cash flows used in operating activities | (11) | (2,286) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of convertible bond | 2,172 | 2,508 |
| Sales of property and equipment | — | 4 |
| Purchases of property and equipment | (1) | (12) |
| Net cash flows provided by investing activities | 2,171 | 2,500 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from notes payable issued | 7,908 | 4,111 |
| Payments of notes payable | (8,883) | (4,509) |
| Payments of notes payable, related party | (240) | (500) |
| Payments of convertible notes | (210) | (455) |
| Net cash flows used in financing activities | (1,425) | (1,353) |
| Effect of exchange rate changes on cash | 3 | (19) |
| Net increase (decrease) in cash and cash equivalents | 738 | (1,158) |
| Cash and cash equivalents, beginning of year | 1,389 | 2,547 |
| Cash and cash equivalents, end of year | $ 2,127 | $ 1,389 |
| | | |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES** | | |
| Interest paid | $ 2,528 | $ 2,246 |
| Income taxes paid (refunded) | $ 23 | $ 48 |
| **NON-CASH INVESING AND FINANCING ACTIVITIES** | | |
| Conversion of convertible note payable to common stock | $ 2,400 | $ 260 |

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

## NOTE 1—DESCRIPTION OF BUSINESS

References herein to the "Company" or "Emmaus" means Emmaus Life Sciences, Inc. and its direct and indirect subsidiaries.

**Nature of Business**—The Company is a commercial-stage biopharmaceutical company engaged in the discovery, development, marketing and sales of the Company's lead product Endari® (prescription grade L-glutamine oral powder), which is approved by the U.S. Food and Drug Administration, or FDA, to reduce the acute complications of sickle cell disease ("SCD") in adult and pediatric patients five years of age and older. Endari® has received Orphan Drug designation from the FDA which designation generally affords marketing exclusivity for Endari® in the U.S. for a seven-year period ended in July 2024. In December 2025, the Company entered into a License and Exclusive Distribution Agreement, or License Agreement, with NeoImmuneTech, Inc., or NIT, pursuant to which the Company granted NIT, subject to the occurrence of the "Effective Date" of the License Agreement, an exclusive license to our rights to market, sell, and distribute Endari® and any generic equivalents the Company may develop in sickle cell disease, or the field, in the U.S. and its territories and possessions and Canada, or the territory, in exchange for an upfront cash payment, a double digit percentage royalty on NIT's sales of the licensed products and a double digit percentage of any NIT sublicenses of rights to the products. Of the upfront payment, somewhat less than half was paid in cash upon execution of the License Agreement, with the balance payable in cash upon the "Effective Date" of the License Agreement. The upfront cash payment is refundable by the Company under certain circumstances described in the License Agreement. The Company agreed in the License Agreement to use a portion of the upfront payment payable upon the Effective Date to subscribe to purchase shares of NIT capital stock.

In connection with the License Agreement, the Company and NIT entered into an Exclusive Supply Agreement pursuant to which the Company agrees to supply exclusively to NIT, and NIT agrees, subject to certain exceptions, to purchase exclusively from the Company all NIT's requirements for the products in the field in the territory at a purchase price based upon the cost of production plus a specified double digit percentage margin.

Pending the Effective Date, NIT has hired selected members of the Company's U.S. sales force and the Company has entered into a sales services agreement with NIT under which it will render sales and marketing services for Endari® in the field in the territory in exchange for the payment of quarterly fees in the low-to-mid six figures. The Company will continue to realize all revenues from sales of Endari® in the territory pending the Effective Date.

The Effective Date is subject to NIT's obtaining the necessary regulatory approvals and licensing to sell and distribute the licensed products and other specified conditions, and there is no assurance that the Effective Date will occur. The License Agreement may be terminated by either party if the Effective Date has not occurred by the October 1, 2026, subject to certain exceptions, in which case all rights to the licensed products will revert to the Company. Once the Effective Date occurs, the rights granted to NIT under the License Agreement will become nonexclusive if NIT fails to generate annual minimum sales of the licensed products in the low seven figures. Following the Effective Date, the License Agreement may be terminated by either party in the event of a breach by the other party and other specified events.

Under the License Agreement, each party is entitled to make improvements to the licensed products and to own their respective improvements, subject to the grant of appropriate cross-rights to any such improvements. The Company retains all rights in the licensed products outside the field and outside the territory.

NIT has no experience is marketing brand name or generic pharmaceuticals in the U.S. or elsewhere, and if the Effective Date occurs there is no assurance that it will be able to successfully market and distribute Endari® or other licensed products. If the Effective Date does not occur, we will consider alternative strategies for marketing and selling Endari® and any generic equivalents we may develop in the U.S. and other markets in the territory.

Endari® is reimbursable by the Centers for Medicare and Medicaid Services, and every state provides coverage for Endari® for outpatient prescriptions to all eligible Medicaid enrollees within their state Medicaid programs. Endari® is also reimbursable by many commercial payors. The Company has agreements in place with the nation's leading distributors, as well as physician group purchasing organizations and pharmacy benefits managers, making Endari® available at selected retail and specialty pharmacies nationwide which are expected to be assigned and assumed by NIT in connection with the Effective Date of the License Agreement.

Following the Effective Date of the License Agreement, our revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the territory.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**—The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP").

**Going concern**— The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. The Company incurred a net loss of $7.5 million for the year ended December 31, 2025 and had a working capital deficit of $61.3 million, and accumulated deficit was $270.1 million as of December 31, 2025. Management expects that the Company's current liabilities, operating losses and expected capital needs, including debt service on its existing indebtedness and the expected costs relating to the commercialization of Endari® in the Middle East North Africa ("MENA") region and elsewhere will exceed its existing cash balances and cash expected to be generated from operations for the foreseeable future. To meet the Company's current liabilities and future obligations, the Company will need to restructure or refinance its existing indebtedness and raise additional funds through related-party loans, third-party loans, equity and debt financings or licensing or other strategic agreements. Except the licensing arrangement described under "Note 3 - Revenues, net," the Company has no understanding or arrangement for any additional financing, and there can be no assurance that the Company will be able to restructure or refinance its existing indebtedness or obtain additional related-party or third-party loans or complete any additional equity or debt financings on favorable terms, or at all, or enter into licensing or other strategic arrangements. Due to the uncertainty of the Company's ability to meet its current liabilities and operating expenses, there is substantial doubt about the Company's ability to continue as a going concern for 12 months from the date that these consolidated financial statements are issued. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

**Principles of consolidation**—The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, EMI Holding, Inc. and EMI Holding's wholly-owned subsidiary, Emmaus Medical Inc., and Emmaus Medical, Inc's wholly-owned subsidiaries. All significant intercompany transactions have been eliminated.

**Estimates**—Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include those relating to revenue recognition on product sales, the variables used to calculate the valuation of investment in convertible bond, stock options and warrants, and estimated accruals including variable considerations on an ongoing basis. The Company bases its estimates on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. To the extent there are material differences between these estimates and actual results, the Company's financial statements will be affected.

**Revenue recognition**— The Company realizes net revenues primarily from sales of Endari® to distributors and specialty pharmacy providers. Distributors resell Endari® to other pharmacy and specialty pharmacy providers, health care providers, hospitals, and clinics. In addition to agreements with these distributors, the Company has contractual arrangements with specialty pharmacy providers, in-office dispensing providers, physician group purchasing organizations, pharmacy benefits managers and government entities that provide for government-mandated or privately negotiated rebates, chargebacks and discounts with respect to the purchase of Endari®. These various discounts, rebates, and chargebacks are referred to as "variable consideration." Revenue from product sales is recorded net of variable consideration.

Under ASC 606 *Revenue from Contracts with Customers*, the Company recognizes revenue when its customers obtain control of the Company's product, which typically occurs on delivery. Revenue is recognized in an amount that reflects the consideration that the Company expects to receive in exchange for the product, or transaction price. To determine revenue recognition for contracts with customers within the scope of ASC 606, the Company performs the following 5 steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the Company's performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the relevant performance obligations.

Revenue from product sales is recorded at the transaction price, net of estimates for variable consideration consisting of sales discounts, returns, government rebates, chargebacks and commercial discounts. Variable consideration is estimated using the expected-value amount method, which is the sum of probability-weighted amounts in a range of possible transaction prices. Actual variable consideration may differ from the Company's estimates. If actual results vary from the Company's estimates,

the Company adjusts the variable consideration in the period such variances become known, which would affect net revenues in that period. The following are our significant categories of variable consideration:

*Sales Discounts*: The Company affords its customers prompt payment discounts and additional discounts to encourage bulk orders to generate needed working capital.

*Product Returns*: The Company offers distributors the right to return product purchased principally based upon (i) overstocks, (ii) inactive product or non-moving product due to market conditions, and (iii) expired products. Product return allowances are estimated and recorded at the time of sale.

*Government Rebates*: The Company is subject to discount obligations under state Medicaid programs and the Medicare Part D prescription drug coverage gap program. Management estimates Medicaid and Medicare Part D prescription drug coverage gap rebates based upon a range of possible outcomes that are probability-weighted for the estimated payor mix. These reserves are recorded in the period in which the related revenues are recognized, resulting in a reduction of product revenues and the establishment of a current liability that is included as an accounts payable and accrued expenses in the consolidated balance sheets. The liability for these rebates consists primarily of estimates of claims expected to be received in future periods related to recognized revenues.

*Chargebacks and Discounts*: Chargebacks for fees and discounts represent the estimated obligations resulting from contractual commitments to sell products to certain specialty pharmacy providers, in-office dispensing providers, group purchasing organizations, and government entities at prices lower than the list prices charged to distributors. The distributors charge the Company for the difference between what they pay for the products and the Company's contracted selling price to these specialty pharmacy providers, in-office dispensing providers, group purchasing organizations, and government entities. In addition, the Company has contractual agreements with pharmacy benefit managers who charge us for rebates and administrative fee in connection with the utilization of product. These reserves are established in the same period that the related revenues are recognized, resulting in a reduction of revenues. Chargeback amounts are generally determined at the time of resale of products by the distributors.

Following the Effective Date of the License Agreement with NIT, the Company's revenues from U.S. operations will depend upon sales of Endari® to NIT under the exclusive supply agreement and on royalties from NIT's sales of Endari® in the Territory.

**Leases —** In accordance with ASC 842 *Leases*, the Company determines whether an arrangement is a lease at inception. For leases where the Company is the lessee, right-of-use assets and operating lease liabilities are recognized based on the present value of remaining lease payments over the lease term. When the Company's leases do not provide an implicit rate, the Company uses an estimated incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease costs such as common area costs and other operating costs are expensed as incurred. For all lease agreements, lease and non-lease components are combined. No right-of-use asset and related lease liability are recorded for leases with an initial term of 12 months or less.

**Cash and cash equivalents**—Cash and cash equivalents include short-term securities, if any, with original maturities of less than ninety days. The Company maintains its cash and cash equivalents at insured financial institutions, the balances of which may, at times, exceed federally insured limits. Management believes that the risk of loss due to uninsured deposit is minimal.

**Accounts receivable**— Accounts receivables are primarily attributable to product sales to customers. Each reporting period, the Company evaluates the collectability of outstanding receivable balances and records an allowance for credit loss based on an estimate of current expected credit loss. The estimate is based on historical experience, customer creditworthiness, facts and circumstance specific to outstanding balances and payment terms. Provisions are made based upon a specific review of all significant outstanding invoices and the quality and age of those invoices. As of December 31, 2025 and December 31, 2024, the Company recorded no valuation allowances. The Company believes the credit risks associated with its customers are not significant.

**Inventories**—Inventories consist of raw materials, finished goods and work-in-process and are valued on a first-in, first-out basis at the lesser of cost or net realizable value. Work-in-process inventories consist of L-glutamine for the Company's products that has not yet been packaged and labeled for sale. The Company periodically reviews its inventory and provides for potential obsolescence based on its assessment of market conditions and anticipated demand. Substantially all raw materials purchase during the years ended December 31, 2025 and 2024 were supplied by one supplier.

**Prepaid expenses and other current assets**— Prepaid expenses and other current assets consist primarily of cost paid for future services or refunds from vendors which will occur within a year. Prepaid expenses include prepayment in insurance, subscription services, consulting and other services which are being amortized over the contract terms or recognized upon services are performed.

**Property and equipment, net**— Equipment, furniture and fixtures are recorded at historical cost and depreciated on a straight-line basis over their estimated useful lives of five to seven years. Leasehold improvements are recorded at historical cost and amortized on a straight-line basis over the shorter of their estimated useful lives or the lease terms. Maintenance and repairs are expensed as incurred, while major additions and improvements are capitalized. Gains and losses on disposition are included in other income (expenses), if any.

**Impairment of long-lived assets**—The Company evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that such carrying values may not be recoverable. Management uses its best judgment based on the current facts and circumstances relating to the Company's business when determining whether any significant impairment factors exist.

If the Company determines that the carrying values of long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment, the Company performs an undiscounted cash flow analysis to determine if impairment exists. If impairment exists, the Company measures the impairment based on the difference between the asset's carrying amount and its fair value, and the impairment is reflected in the consolidated statement of operations in the period in which the long-lived asset impairment is determined to have occurred. No impairment existed as of December 31, 2025 and 2024.

**Research and development**—Research and development consists of expenditures for the research and development of the Company's products and product candidates, which primarily involve contract research, payroll-related expenses and other related supplies. Research and development costs are expensed as incurred.

**Share-based compensation**—The Company recognizes compensation cost for share-based compensation awards during the service term of the recipients. The fair value of share-based compensation is calculated using the Black-Scholes-Merton pricing model. The Black-Scholes-Merton model requires subjective assumptions regarding future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of awards granted is calculated using the simplified method allowed under Securities and Exchange Commission ("SEC") Staff Accounting Bulletin Nos. 107 and 110. The risk-free rate used to value any award is based on the U.S. Treasury rate on the grant date that corresponds to the expected term of the award. The expected volatility was adjusted using the historical volatility of the Company's common stock.

**Income taxes**—The Company accounts for income taxes under the asset and liability method, wherein deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through the generation of future taxable income for the related jurisdictions.

When tax returns are filed, it is highly probable that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are recorded at the largest amount of tax benefit that is more than 50 percent likely of being realized upon examination by the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

As of December 31, 2025 and 2024, the Company had no unrecognized tax benefits and no positions which, in the opinion of management, would be reversed if challenged by a taxing authority. In the event the Company is assessed interest or penalties, such amounts will be classified as income tax expense in the financial statements.

**Comprehensive loss**—Comprehensive loss includes net loss and other comprehensive loss relating to foreign translation adjustments of the Company's subsidiaries and the changes in fair value of investment in convertible bond classified as available for sale.

**Investment in convertible bond –** The Company has measured its investment in convertible bond at fair value. The convertible bond is classified as available for sale and the changes in fair value are reported in other comprehensive loss for each reporting period.

**Foreign currency translation**—The Company's reporting currency is the U.S. dollar. The functional currencies of its foreign subsidiaries are the primary currencies within the countries in which they operate. Assets and liabilities of their operations are translated into U.S. dollars at period-end exchange rates, and revenues, if any, and expenses are translated into U.S. dollars at average exchange rates in effect during each reporting period. Adjustments resulting from the translation are reported in other comprehensive loss. Capital accounts are translated at historical foreign currency exchange rates.

**Financial instruments**—Financial instruments included in the financial statements are comprised of cash and cash equivalents, investment in convertible bond, accounts receivable, warrant derivative liabilities, accounts payable, certain accrued liabilities, convertible notes payable, notes payable, conversion feature liabilities and other contingent liabilities.

**Fair value measurements**—The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with ASC 820. The Company measures fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability; and

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The carrying values of cash and cash equivalents, accounts receivables, other current assets, account payable and accrued expenses, and other current liabilities approximate fair value due to the short-term maturity of those instruments. The fair value of our convertible debt instruments was determined based on Level 2 inputs. The carrying value of the debt was discounted based on allocating proceeds to other financial instruments within the arrangement as discussed in Note 7 to our consolidated financial statements.

The investment in convertible bond, the convertible features on convertible debt instruments and certain outstanding warrants that contain price adjustment provision are remeasured at fair value on a recurring basis using Level 3 inputs. The level 3 inputs in the valuation and valuation methods used are discussed in Note 5, 7 and 8. There are no other assets or liabilities measured at fair value on a recurring basis.

**Derivative liability**—The Company evaluates its financial instruments including convertible notes to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC 815. The Company applies significant judgment to identify and evaluate terms and conditions in these contracts and agreements to determine whether embedded derivative exists. If all the requirements for bifurcation are met, embedded derivatives are separately measured from the host contract. Bifurcated embedded derivatives are initially recorded at fair value and then

remeasure at each reporting period, with change in fair value recognized in the consolidated statements of operations. Bifurcated embedded derivative are classified as separate liability in the consolidated balance sheets.

The Company's derivative liability related to the conversion feature embedded in the convertible promissory notes. See note 7 for further details.

**Net loss per share**— The basic net loss per common share is computed by dividing net loss available to common stockholders by the weighted-average number of common shares outstanding. Dilutive net loss per share is computed in a similar manner, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. The following securities were not included diluted shares outstanding because the effect would be anti-dilutive.

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Stock options | 4,664,742 | 5,287,284 |
| Warrants | 1,000,000 | 4,625,000 |
| Convertible notes | 307,701,076 | 176,222,145 |
| Total anti-dilutive instrument | 313,365,818 | 186,134,429 |

**Segment reporting**—The Company operates and manages its business as a single reportable segment for primarily the marketing and sales of Endari®. In accordance with ASC 280, *"Segment Reporting,"* the determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM").

The Company's CODM is its Chief Executive Officer, who reviews and evaluates consolidated income or loss from operations for purposes of evaluating performance, making operating decisions, allocating resources, and planning and forecasting for future periods. The significant components of consolidated income or loss from operations regularly provided to the CODM include revenues, net and the significant expense categories presented in the accompanying consolidated statements of operations and comprehensive loss (i.e., cost of goods sold, research and development, selling, and general and administrative expenses). These are presented at the consolidated level and used by the CODM to monitor budgeted versus actual results to make key operating decisions. The information and operating expense categories presented in the accompanying consolidated statements of operations and comprehensive loss are fully reflective of the significant expense categories and amounts that are regularly provided to the CODM.

The measure of segment assets that is regularly reported to the CODM includes cash and cash equivalent and accounts receivable, net, each as reported on the consolidated balance sheets.

**Recently adopted accounting pronouncement**— In December 2023, the FASB issued *ASU 2023-09, Improvements to Income Tax Disclosures*, which requires entities to disclose disaggregated information about their effective tax rate reconciliation and income taxes paid. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted this guidance prospectively. Refer Note 9 for additional information.

**Recently issued but not yet adopted accounting pronouncement**— In November 2024, the FASB issued *ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosures in the notes of the financial statements of certain categories of expenses that are included in expense line items on the face of the income statement. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. This ASU is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, on a retrospective or prospective basis, with early adoption permitted. The Company will evaluate the impact adopting the guidance will have on the Company's consolidated financial statements and disclosures.

**NOTE 3—REVENUES, NET**

Revenues, net by category were as follows (in thousands):

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| Endari® - US | $ 9,048 | 73% | $ 13,478 | 81% |
| Endari® - International | 3,180 | 25% | 2,669 | 16% |
| Other | 225 | 2% | 506 | 3% |
| Revenues, net | 12,453 | 100% | 16,653 | 100% |

The following table summarizes the revenue allowance and accrual activities for the years ended December 31, 2025 and 2024 (in thousands). Approximately $33 thousand of trade discounts, allowances and charge-backs and returns are included in accounts receivable, net and $8.5 million of trade discounts, allowances and charge-backs, government rebates and other incentives, and returns are included in accounts payable and accrued expenses in the consolidated balance sheets:

| | Trade Discounts, Allowances and Chargebacks | Government Rebates and Other Incentives | Returns | Total |
|---|---|---|---|---|
| Balance as of December 31, 2023 | $ 1,212 | $ 5,658 | $ 863 | 7,733 |
| Provision related to sales in the current year | 1,228 | 3,566 | 153 | 4,947 |
| Adjustments related to prior period sales | (72) | 23 | 47 | (2) |
| Credit and payments made | (1,233) | (2,435) | (925) | (4,593) |
| Balance as of December 31, 2024 | 1,135 | 6,812 | 138 | 8,085 |
| Provision related to sales in the current year | 836 | 3,033 | 111 | 3,980 |
| Adjustments related to prior period sales | (2) | 32 | | 30 |
| Credit and payments made | (940) | (1,748) | (71) | (2,759) |
| Balance as of December 31, 2025 | $ 1,029 | $ 8,129 | $ 178 | $ 9,336 |

The following table summarizes revenue attributable to each of the customers that accounted for 10% or more of net revenues in either of the period shown:

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Customer A | 13% | 22% |
| Customer B | 23% | 23% |
| Customer C | 14% | 8% |
| Customer D | 12% | 18% |
| Total | 62% | 71% |

The Company is a party to a 2017 distributor agreement and 2018 amended distributor agreement with Telcon RF Pharmaceutical, Inc., or Telcon, pursuant to which it granted Telcon exclusive rights to the Company's prescription grade L-glutamine ("PGLG") oral powder for the treatment of diverticulosis in South Korea, Japan and China in exchange for Telcon's payment of a $10 million upfront fee and agreement to purchase from the Company specified minimum quantities of the finished product. In a related license agreement with Telcon, the Company agreed to use commercially reasonable best efforts to obtain product registration in these territories within three years of obtaining FDA marketing authorization for PGLG in this indication. Telcon has the right to terminate the distributor agreement in certain circumstances for failure to obtain such product registrations, in which event the Company would be obliged to repay Telcon the $10 million upfront fee. The upfront fee of $10 million is included as unearned revenue in other current liabilities as of December 31, 2025 and 2024. Refer to Notes 11 and 12 for additional details of the Company's agreements with Telcon.

In December 2025, the Company entered into a license and exclusive distribution agreement to NIT in which the Company granted NIT an exclusive license to sell the Company's rights to market, sell, and distribute Endari® and any generic

equivalents, or the Product in sickle cell disease in the U.S. and Canada. Under the agreement, the Company received a portion of upfront fee of $3 million which is included in unearned revenue in other current liabilities as of December 31, 2025.

**NOTE 4—SELECTED FINANCIAL STATEMENT ASSETS**

Inventories consisted of the following (in thousand):

| | As of December 31 | |
|---|---|---|
| | **2025** | **2024** |
| Raw materials and components | $ 1,264 | $ 1,147 |
| Work-in-process | 26 | 184 |
| Finished goods | 5,343 | 5,328 |
| Inventory reserve | (5,078) | (5,024) |
| Total inventories | $ 1,555 | $ 1,635 |

Prepaid expenses and other current assets consisted of the following (in thousands):

| | As of December 31 | |
|---|---|---|
| | **2025** | **2024** |
| Prepaid insurance | $ 529 | $ 622 |
| Prepaid expenses | 372 | 272 |
| Other current assets | 359 | 226 |
| Total prepaid expenses and other current assets | $ 1,260 | $ 1,120 |

Property and equipment consisted of the following (in thousands):

| | As of December 31 | |
|---|---|---|
| | **2025** | **2024** |
| Equipment | $ 423 | $ 357 |
| Leasehold improvements | 16 | 15 |
| Furniture and fixtures | 30 | 30 |
| Total property and equipment | 469 | 402 |
| Less: accumulated depreciation | (356) | (356) |
| Total property and equipment, net | $ 113 | $ 46 |

For the years ended December 31, 2025 and 2024, depreciation expenses were approximately $39 thousand and $22 thousand, respectively reported in general and administrative expenses in the consolidated statements of operations.

**NOTE 5 — INVESTMENTS**

**Investment in convertible bond -** On September 28, 2020, the Company entered into a convertible bond purchase agreement pursuant to which it purchased at face value a convertible bond of Telcon in the principal amount of approximately $26.1 million which matures on October 16, 2030 and bears interest at the rate of 2.1% per year, payable quarterly. Beginning October 16, 2021, the Company became entitled on a quarterly basis to call for early redemption of all or any portion of the principal amount of the convertible bond. The convertible bond is convertible at the holder's option at any time and from time to time into common shares of Telcon at an initial conversion price of KRW9,232, or approximately US$8.00 per share. The initial conversion price is subject to downward adjustment on a monthly based on the volume-weighted average market price of Telcon shares as reported on Korean Securities Dealers Automated Quotations ("KOSDAQ") Market and in the event of the issuance of Telcon shares or share equivalents at a price below the market price of Telcon shares and to customary antidilution adjustments upon a merger or similar reorganization of Telcon or a stock split, reverse stock split, stock dividend or similar event. On December 30, 2024, Telcon undertook a reverse stock split at a rate of 1-for-10. The conversion price as of December 31, 2025 is set forth in the "Investment in convertible bond" table below. The convertible bond and any proceeds therefrom, including proceeds from any exercise of the early redemption right described above or the call option described below, are pledged as collateral to secure the Company's obligations under the revised API Supply Agreement with Telcon described in Note 6, 11 and 12.

Concurrent with the purchase of the convertible bond, the Company entered into an agreement dated September 28, 2020 with Telcon pursuant to which Telcon or its designee is entitled to repurchase, at par, up to 50% of the principal amount of the convertible bond at any time and from time to time commencing October 16, 2021 and prior to maturity.

The investment in convertible bond is classified as an available for sale security since management does not have intention to trade nor held until maturity, and measured at fair value on a recurring basis using Level 3 inputs, with any changes in the fair value recorded in other comprehensive loss. The fair value and any changes in fair value in the convertible bond is determined using a binominal lattice model. The model produces an estimated fair value based on changes in the price of the underlying common stock over successive periods of time.

In April 2024, Telcon offset KRW3.5 billion, or approximately $2.5 million, against the principal amount of the Telcon convertible bond and the Company released KRW893 million, or approximately $640,000, in cash proceeds to Telcon in satisfaction of the target shortfall for the year ended 2023. As a result, the Company realized a net loss on investment in convertible bond of $347,000, which previously was classified as unrealized gain (loss) on debt securities available-for-sale in the other comprehensive loss.

In April 2025, Telcon offset KRW3.1 billion, or approximately $2.1 million, against the principal amount of the Telcon convertible bond and the Company released KRW49 million, or approximately $34,000, in cash proceeds to Telcon in satisfaction of the target shortfall for the year ended 2024. As a result, the Company realized a net loss on investment in convertible bond of $177,000, which previously was classified as unrealized gain (loss) on debt securities available-for-sale in the other comprehensive loss.

The following table sets forth the fair value and changes in fair value of the investment in the Telcon convertible bond as of December 31, 2025 and 2024 (in thousands):

| **Investment in convertible bonds** | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Balance, beginning of year | $ 15,037 | $ 20,978 |
| Sales of convertible bond | (2,172) | (2,508) |
| Net loss on investment in convertible bond | (177) | (347) |
| Change in fair value included in the statement of other comprehensive loss | (84) | (3,086) |
| Balance, end of year | $ 12,604 | $ 15,037 |

The fair values as of December 31, 2025 and December 31, 2024 were based upon following assumptions:

| | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Principal outstanding (South Korean won) | KRW 17.0 billion | KRW 20.1 billion |
| Stock price | KRW 917 | KRW 5870 |
| Expected life (in years) | 4.79 | 5.79 |
| Selected yield | 13.50% | 9.50% |
| Expected volatility (Telcon common stock) | 67.04% | 62.90% |
| Risk-free interest rate (South Korea government bond) | 3.21% | 2.78% |
| Expected dividend yield | — | — |
| Conversion price | KRW1,000(US$0.69) | KRW5,850(US$3.96) |

**Equity method investment** – During 2018, the Company and Japan Industrial Partners, Inc., or JIP, formed EJ Holdings Inc., or EJ Holdings, to acquire, own and operate an amino acids manufacturing facility in Ube, Japan. In connection with the formation, the Company invested approximately $32,000 in exchange for 40% of EJ Holdings' capital shares. JIP owned 60% of EJ Holdings' capital shares. In October 2018, the Company entered into a loan agreement with EJ Holdings under which the Company made an unsecured loan to EJ Holdings in the amount of $13.6 million. The loan proceeds were used by EJ Holdings to purchase the Ube facility in December 2019 and pay related taxes. The principal (JPY 3,637,335,720) will become due and payable in two equal installments on December 28, 2027 and on September 30, 2028 and bears interest at the rate of 1% payable annually. The parties also contemplated that the Ube facility would eventually supply the Company with the facility’s output of amino acids, that the operation of the facility would be principally for the Company’s benefit and, as such, that major decisions affecting EJ Holdings and the Ube facility would be made by EJ Holdings’ board of directors, a majority of which were representatives of JIP, in consultation with the Company. During the years ended December 31, 2023, the Company made additional loans to EJ Holdings of $2.6 million. The Company suspended further loans to EJ Holdings in September 2023.

EJ Holdings is engaged in seeking to refurbish and phase in the Ube facility with objective of eventually obtaining regulatory clearance for the manufacture of PGLG in accordance with cGMP. EJ Holdings has had no substantial revenues since its inception, has depended on loans from the Company to acquire the Ube facility and fund its operations and will be dependent on loans from other financing unless and until its plant is activated and it can secure customers for its products. There is no assurance that needed funding will be available from other sources. If EJ Holdings fails to obtain needed funding, it may need to suspend activities at the Ube plant.

On December 28, 2023, the Company sold and assigned its EJ Holdings shares at its original cost of JPY3.6 million or US$25,304 to Niihara International, Inc., which was formed by Yutaka Niihara, M.D., Ph. D., former chairman and Chief Executive Officer of the Company and a principal stockholder of the Company. In connection with the sale and assignment, the Company derecognized its investment in EJ Holdings, including $1.5 million of currency translation adjustments recorded in other comprehensive loss. The net loan receivable from EJ Holdings was $16.9 million as reflected in net loan receivable from EJ Holdings as contra-equity on the consolidated balance sheets.

**NOTE 6—SELECTED FINANCIAL STATEMENT LIABILITIES**

Accounts payable and accrued expenses as of December 31, 2025 and 2024 consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Accounts payable: | | |
| Clinical and regulatory expenses | $ 565 | $ 452 |
| Professional fees | 927 | 904 |
| Selling expenses | 1,721 | 1,553 |
| Manufacturing costs | 1,466 | 706 |
| Non-employee director compensation | 1,018 | 966 |
| Other vendors | 282 | 594 |
| Total accounts payable | 5,979 | 5,175 |
| Accrued interest payable, related parties | 1,474 | 1,145 |
| Accrued interest payable | 5,841 | 2,874 |
| Accrued expenses: | | |
| Payroll expenses | 452 | 323 |
| Government rebates and other rebates | 8,538 | 7,229 |
| Other accrued expenses | 331 | 180 |
| Total accrued expenses | 9,321 | 7,732 |
| Total accounts payable and accrued expenses | $ 22,615 | $ 16,926 |

Other current liabilities consisted of the following (in thousands):

| | As of December 31 | |
|---|---|---|
| | 2025 | 2024 |
| Trade discount | $ 3,190 | $ 5,000 |
| Unearned revenue (a) | 13,000 | 10,000 |
| Other current liabilities | 1,375 | 1,557 |
| Total other current liabilities | $ 17,565 | $ 16,557 |

(a) Refer Note 3 for information regarding to the unearned revenue.

Other long-term liabilities consisted of the following (in thousands):

| | As of December 31 | |
|---|---|---|
| | 2025 | 2024 |
| Trade discount | $ 12,239 | $ 13,421 |
| Other long-term liabilities | 53 | 44 |
| Total other long-term liabilities | $ 12,292 | $ 13,465 |

On June 12, 2017, the Company entered into an API Supply Agreement with Telcon pursuant to which Telcon advanced to the Company approximately $31.8 million as an advance trade discount in consideration of the Company’s agreement to

purchase from Telcon the Company's estimated annual target for bulk containers of PGLG. On July 12, 2017, the Company entered into a raw material supply agreement with Telcon which revised certain items of the API Supply Agreement (the "revised API agreement"). As of December 31, 2025 and 2024, the total trade discounts were $15.4 million and $18.4 million, respectively. The Company purchased $1.0 million and $0.4 million of PGLG from Telcon during years ended December 31, 2025, and 2024, respectively, of which $1.1 million and $0.6 million were reflected in accounts payable and accrued expenses as of December 31, 2025 and 2024, respectively. The revised API agreement provided for an annual API purchase target of $5 million and a target "profit" (*i.e.,* gross margin) to Telcon of $2.5 million. To the extent these targets are not met, which management refers to as a "target shortfall," Telcon may be entitled to payment of the target shortfall or to settle the target shortfall by exchange of principal and interest on the Telcon convertible bond and proceeds thereof that are pledged as a collateral to secure the Company's obligations under the API Supply Agreement and the revised API Agreement. See Note 5 for information regarding the settlement in the years ended December 31, 2025 and 2024 of the target shortfall.

**NOTE 7—NOTES PAYABLE**

Notes payable consisted of the following at December 31, 2025 and 2024 (in thousands except for conversion price and underlying shares) excluding the revolving line of credit agreement with related party discussed below:

| Year Issued | Interest Rate Range | Term of Notes | Conversion Price | | Principal Outstanding December 31, 2025 | Unamortized Discount December 31, 2025 | Capitalized amount December 31, 2025 | Carrying Amount December 31, 2025 | Shares Underlying Notes December 31, 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **Notes payable** | | | | | | | | | |
| 2013 | 10% | Due on demand | — | | $ 638 | $ — | $ — | $ 638 | — |
| 2022 | 10% - 12% | Due on demand | — | | 505 | — | — | 505 | — |
| 2023 | 11% | Due on demand | — | | 3,093 | — | — | 3,093 | — |
| 2024 | 30% | Due on demand | — | | 1,400 | — | — | 1,400 | — |
| 2025 | 44% - 59% | 18-37 weeks | — | | 2,574 | 191 | — | 2,383 | — |
| | | | | | **$ 8,210** | **$ 191** | **$ —** | **$ 8,019** | **—** |
| | | Current | | | $ 8,210 | $ 191 | $ — | $ 8,019 | — |
| **Notes payable - related parties** | | | | | | | | | |
| 2020 | 12% | Due on demand | — | | 100 | — | — | 100 | — |
| 2021 | 12% | Due on demand | — | | 700 | — | — | 700 | — |
| 2022 | 10%-12% | Due on demand - 5 years | — | | 4,076 | 50 | — | 4,026 | — |
| 2023 | 10%-60% | Due on demand | — | | 577 | — | — | 577 | — |
| | | | | | **$ 5,453** | **$ 50** | **$ —** | **$ 5,403** | **—** |
| | | Current | | | $ 3,132 | $ — | $ — | $ 3,132 | — |
| | | Non-current | | | $ 2,321 | $ 50 | $ — | $ 2,271 | — |
| **Convertible notes payable** | | | | | | | | | |
| 2021 | 10% | Due on Demand | $ 0.01 | | 685 | — | — | 685 | 102,887,683 |
| 2023 | 13% | Due on Demand | $ 10.00 | (a) | 3,150 | — | — | 3,150 | 419,338 |
| 2023 | 10% | Due on Demand | $ 0.29 | | 1,000 | — | — | 1,000 | 4,813,393 |
| 2024 | 12% | Due on Demand | $ 0.01 | | 8,630 | — | 3,915 | 12,545 | 200,000,000 |
| | | | | | **$ 13,465** | **$ —** | **$ 3,915** | **$ 17,380** | **308,120,414** |
| | | Current | | | $ 13,465 | $ — | $ 3,915 | $ 17,380 | 308,120,414 |
| | | **Grand Total** | | | **$ 27,128** | **$ 241** | **$ 3,915** | **$ 30,802** | **308,120,414** |

| Year Issued | Interest Rate Range | Term of Notes | Conversion Price | Principal Outstanding December 31, 2024 | Unamortized Discount December 31, 2024 | Capitalized Accrued Interest December 31, 2024 | Carrying Amount December 31, 2024 | Shares Underlying Notes December 31, 2024 |
|---|---|---|---|---|---|---|---|---|
| **Notes payable** | | | | | | | | |
| 2013 | 10% | Due on demand | — | $ 638 | $ — | $ — | $ 638 | — |
| 2022 | 10% - 12% | Due on demand | — | 505 | — | — | 505 | — |
| 2023 | 10% - 13% | Due on demand | — | 3,200 | — | — | 3,200 | — |
| 2024 | 30%-48% | Due on demand -34 weeks | — | 2,854 | 104 | — | 2,750 | — |
| | | | | **$ 7,197** | **$ 104** | **$ —** | **$ 7,093** | **—** |
| | | Current | | $ 7,197 | $ 104 | $ — | $ 7,093 | — |
| | | Non-current | | | | | | — |
| **Notes payable - related parties** | | | | | | | | |
| 2020 | 12% | Due on demand | — | 100 | — | — | 100 | — |
| 2021 | 12% | Due on demand | — | 700 | — | — | 700 | — |
| 2022 | 10%-12% | Due on demand - 5 years | — | 4,316 | 75 | — | 4,241 | — |
| 2023 | 10%-60% | Due on demand | — | 577 | — | — | 577 | — |
| | | | | **$ 5,693** | **$ 75** | **$ —** | **$ 5,618** | **—** |
| | | Current | | $ 3,372 | $ — | $ — | $ 3,372 | — |
| | | Non-current | | $ 2,321 | $ 75 | $ — | $ 2,246 | — |
| **Convertible notes payable** | | | | | | | | |
| 2021 | 2% | Due on Demand | $ 0.03 | 895 | — | — | 895 | 39,455,164 |
| 2023 | 13% | Due on Demand | $ 10.00 (a) | 3,150 | — | — | 3,150 | 378,388 |
| 2023 | 10% | Due on Demand | $ 0.29 | 1,000 | — | — | 1,000 | 3,905,526 |
| 2024 | 10% | 1 year | $ 0.03 | 11,030 | — | 939 | 11,969 | 132,861,455 |
| | | | | **$ 16,075** | **$ —** | **$ 939** | **$ 17,014** | **176,600,533** |
| | | Current | | $ 16,075 | $ — | $ 939 | $ 17,014 | 176,600,533 |
| | | **Grand Total** | | **$ 28,965** | **$ 179** | **$ 939** | **$ 29,725** | **176,600,533** |

(a) This note is convertible into shares of EMI Holding, Inc., a wholly owned subsidiary of Emmaus Life Sciences, Inc.

The weighted-average stated interest rate of notes payable was 15% and 13%, respectively, for the years ended December 31, 2025 and 2024. The weighted-average effective interest rate of notes payable for the years ended December 31, 2025 and 2024 was 18% and 16%, respectively, after giving effect to discounts relating to warrants, conversion features and deferred financing cost in connection with these notes.

As of December 31, 2025, future contractual principal payments due on notes payable were as follows (in thousands):

| Year Ending | |
|---|---|
| 2026 | $ 24,807 |
| 2027 | 2,321 |
| 2028 | — |
| 2029 | — |
| 2030 | — |
| Total | $ 27,128 |

On February 9, 2021, the Company entered into a securities purchase agreement in which the Company sold and issued to purchasers in a private placement pursuant to Rule 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D thereunder approximately $14.5 million principal amount of convertible promissory notes of the Company at face value.

Commencing one year from the original issue date, the convertible promissory notes became convertible at the option of the holder into shares of the Company's common stock at an initial conversion price of $1.48 per share, which equaled the "Average volume-weighted average price" ("Average VWAP") of the Company's common stock on the effective date. The initial conversion price is subject to adjustment as of the end of each three-month period following the original issue date, commencing May 31, 2021, to equal the Average VWAP as of the end of such three-month period if such Average VWAP is less than the then-conversion price. There is no floor on the conversion price. The conversion price will be subject to further adjustment in the event of a stock split, reverse stock split or certain other events specified in the convertible promissory notes. In April 2024, $260 thousand principal amount plus accrued interest was converted into 2,019,608 shares of the Company's stock. In December 2025, the Company entered into Exchange Agreement with the convertible note holder to

which it agreed to issue 6,322,692 shares of the Company's stock in exchange of $2.4 million principal amount. Management accounted this transaction as troubled debt restructuring under ASC 470-60 since the Company was experiencing financial difficulty and the effective borrowing rate on the new debt is less than the effective borrowing rate on the original debt. As a result, the Company recognized fair value of equity approximately $72 thousand in additional paid in capital and deferred recognizing $2.4 million gain on restructured debt until the note is fully settled. For the year ended December 31, 2025 and 2024, the Company repaid $210 thousand and $455 thousand of the convertible promissory notes, respectively. As of December 31, 2025, the conversion price of the convertible promissory notes was $0.01 per share.

The convertible promissory notes bear interest at the rate of 2% per year (10% in case of default), payable semi-annually on the last business day of August and January of each year and will mature on the 3rd anniversary of the original issue date, unless earlier converted or prepaid. The convertible promissory notes are prepayable in whole or in part at the election of the holders. The convertible promissory notes are general, unsecured obligations of the Company.

In February and March 2024, Company entered into Exchange Agreements (the "Exchange Notes") with certain convertible notes holders pursuant to which it agreed to issue total of $11.1 million principal amount of convertible promissory notes of the Company due one year from issuance of the Exchange Notes in exchange for the surrender for cancellation and satisfaction in full of a like principal amount of our outstanding convertible promissory notes due in 2024. The surrendered notes bore interest at the annual rate of 2%, payable semi-annually, and were convertible at the election of the holder into shares of the Company's common stock at the conversion rate of $0.13 per share. The Exchange Notes bear interest at the annual rate of 10% and are convertible into shares of the Company’s common stock at an initial conversion rate of $0.13 per share, subject to decrease, but not increase, at the end of each three-month period from issuance to equal the VWAP (as defined) of the Company’s common stock and to adjustment in the event of a stock split, reverse stock split and similar events. The principal amount of and accrued interest on the Exchange Notes will be payable in two equal semi-annual installments. No additional consideration was paid in connection with the exchange. The convertible promissory notes are general, unsecured obligations of the Company. Management evaluated if the transaction qualified as troubled debt restructuring under ASC 470-60. Since the Company was experiencing financial difficulty and the effective borrowing rate on the restructured debt is less than the effective borrowing rate on the original debt, this transaction was accounted for as a troubled debt restructuring. As a result, the Company recorded a gain on restructured debt of $1.0 million in the consolidated statement of operations for the year ended December 31, 2024. As of December 31, 2025, $8.6 million principal amount of the Exchange Notes was due and payable on demand.

The conversion feature of the original convertible promissory notes and the Exchange Notes is separately accounted for at fair value as a derivative liability under guidance in ASC 815 that is remeasured at fair value on a recurring basis using Level 3 inputs, with any changes in the fair value of the conversion feature liability recorded in the statements of operations. As of December 31, 2025, the convertible promissory note became due and the conversion rate exceeded stock price and, therefore, the fair value of conversion feature was determined to be zero.

The following table sets forth the fair value of the conversion feature liability as of December 31, 2025 and December 31, 2024 (in thousands):

| **Conversion feature liability** | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Balance, beginning of year | $ 162 | $ 451 |
| Change in fair value included in the statement of operations | (162) | (289) |
| Balance, end of year | $ — | $ 162 |

The fair value and any change in fair value of conversion feature liability are determined using a binomial lattice model. The model produces an estimated fair value based on changes in the price of the underlying common stock.

The fair value as of December 31, 2024 was based upon following assumptions:

| Convertible promissory notes | As of December 31, 2024 |
|---|---|
| Stock price | $ 0.01 |
| Conversion price | $ 0.03 |
| Select yield | 22.70% |
| Expected volatility | 50% |
| Time until maturity (in years) | 0.14 |
| Dividend yield | — |
| Risk-free rate | 4.42% |

In March 2023, Dr. Niihara and his wife and Hope International Hospice, Inc., loaned the Company $127 thousand and $100 thousand, respectively. Both loans are due on demand and bear interest at the rate of 10% annum.

In July 2023, Emmaus Medical reentered into a new Revenue Purchase Agreement pursuant to which it sold and assigned $828 thousand of future receipt in exchange for repayment of $204 thousand indebtedness from the previous agreement and net cash proceeds of approximately $300 thousand Under the new agreement, the Company agreed to pay the third party approximately $26 thousand weekly until the Future Receipts have been collected. In February 2024, the Company repaid all balance in accordance with the agreement.

In September 2023, the Company entered into a Business Loan and Security Agreement with a third-party lender pursuant to which the lender loaned the Company $2.2 million, of which the Company received net proceeds of approximately $2.1 million after deduction of the lender's origination fee but without deduction for other transaction expenses. Under the agreement, the Company agree to pay the third party approximately $53 thousand weekly for 56 weeks, or total amount of approximately $3.0 million. The portion of proceeds were used to prepay indebtedness. In October 2024, the company repaid all balance in accordance with the agreement.

In September 2023, Smart Start Investments Limited, of which Wei Pei Zen is a director and 9.96% shareholder, loaned the Company the principal amount of $1 million in exchange for a convertible promissory note of the Company. The convertible promissory note was due on September 5, 2024, bore interest at the annual rate of 10%, payable at maturity, and was convertible at the option of the holder into shares of common stock at a conversion rate of $0.29 a share, subject to adjustment in the event of a stock split, reverse stock split or similar event. On March 5, 2024, the conversion feature of the convertible promissory note no longer met the scope exception in ASC 815-10-15-74 as the investors' Rule 144(d) holding period for the Company ended and separately accounted for at fair value as a derivative liability that is remeasured at fair value on a recurring basis using Level 3 inputs, with any changes in fair value of the conversion feature liability recorded in the condensed consolidated statements of operations. As of March 5, 2024, the fair value of the conversion feature was $2 thousand. In September 2024, the convertible promissory note became due. As of December 31, 2024, the conversion rate exceeds stock price and therefore, the fair value of conversion feature was determined to be zero.

In October 2023, Emmaus Medical entered into a Purchase and Sales of Future Receivables Agreement with a third party pursuant to which it sold and assigned $1.4 million of future receipt (the "Purchased Amount") in exchange for net cash proceeds of $875 thousand. Under the agreement, the Company agreed to pay the third party approximately $81 thousand weekly until the Purchase Amount has collected. In February 2024, the Company repaid all balance in accordance with the agreement.

In November 2023, Emmaus Medical entered into an Agreement for the Purchase and Sale of Future Receipts with a third party pursuant to which it sold and assigned $762 thousand of future receipts (the "Purchase Amount") in exchange for net cash proceeds of $469 thousand. Under the agreement, the Company agreed to pay the third party approximately $49 thousand weekly until the Purchase Amount has been collected. In March 2024, the Company repaid all balances in accordance with the agreement.

In December 2023, Wei Peu Zen, a Director of the Company loaned the Company the principal amount of $700 thousand. The loan was due in two months and bears interest at the rate of 5% per month. In February 2024, the Company repaid $350 thousand in principal plus accrued interest on the loan.

Beginning in February 2024, two related holders of demand promissory notes of the Company in the aggregate principal amount of approximately $2.8 million demanded repayment of the notes plus accrued interest. The Company has

acknowledged its indebtedness to the holders and intends to seek to enter into a plan to repay the notes in installments. To date, the parties have not reached an agreement with respect to repayment of the notes.

In March 2024, Smart Start Investments Limited, of which Wei Peu Zen, a director of the Company is a director and 9.96% shareholder, loaned the Company the principal amount of $1.4 million. The loan was due in two months and bears interest at the rate of 2.5% per month. As of May 2024, the loan became due on demand and default rate of 5.0% per month became applicable.

In May 2024, Emmaus Medical entered into a Sale of Future Receipts Agreement with a third party pursuant to which it sold and assigned $1.6 million of future receipts (the "Purchased Amount") in exchange for net cash proceeds of $1.0 million. Under the agreement, the Company agreed to pay the third party approximately $58 thousand weekly until the Purchased Amount has been collected. In November 2024, the Company repaid all balance in accordance with the agreement.

In September 2024, Emmaus Medical entered into a Sale of Future Receipts Agreement with a third party pursuant to which it sold and assigned $1.3 million of future receipts (the "Purchased Amount") in exchange for net cash proceeds of $800 thousand. Under the agreement, the Company agreed to pay the third party $35 thousand weekly for 10 weeks and $41 thousand weekly thereafter until the Purchase Amount has been collected. In February 2025, the Company repaid in full the outstanding balance of $343 thousand and recognized debt extinguishment loss of $164 thousand as the Company entered into February 2025 loan discussed below.

In October 2024, the Company entered into a Note Amendment Agreement (the “Amendment”) with a third party note holder under which the annual interest rates under promissory notes issued in April 2022 and in April 2023 were reduced to 1% from 10% and 11%, respectively. No issuance costs were incurred in relation to the Amendment, and the remaining terms of the Notes remain in full force and effect. Management evaluated whether the transaction qualified as troubled debt restructuring under ASC 470-60. Since the Company was experiencing financial difficulty and the effective borrowing rate on the restructured debt was less than the effective borrowing rate on the original debt, the transaction was accounted for as a troubled debt restructuring. As the modified undiscounted future cash payments equaled to or exceeded the carrying amount at restructuring for each of the Notes, no gain was recognized on the restructuring.

In December 2024, Emmaus Medical entered into a Sale of Future Receipts Agreement ("December 2024 loan") with a third party pursuant to which it sold and assigned $1.5 million of future receipts (the "Purchased Amount") in exchange for net cash proceeds of $910 thousand. Under the agreement, the Company agreed to pay the third party $43 thousand weekly until the Purchase Amount has been collected. In May 2025, the Company repaid in full the outstanding balance of $412 thousand and recognized debt extinguishment loss of $212 thousand as the Company entered into May 2025 loan discussed below.

In February 2025, the Company entered into an Agreement for the Purchase and Sales of Future Receipts (the "February 2025 loan") with a third party to which it sells $1.9 million of future receipts (the "Purchased Amount") in exchange for net proceeds of $1.3 million with origination fee of $119 thousand. Under the agreement, the Company agreed to pay the third party approximately $49 thousand weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the September 2024 loan discussed above. In August 2025, the Company repaid in full the outstanding balance of $612,000 and recognized debt extinguishment loss of $296 thousand as the Company entered into August 2025 loan discussed below.

In May 2025, the Company entered into an Agreement ("May 2025 loan") for the Purchase and Sales of Future Receipts with a third party pursuant to which it sells $2.1 million of future receipts (the "Purchase Amount") in exchange for net proceeds of $1.5 million with origination fee of $131 thousand. Under the agreement, the Company agrees to pay the third party approximately $62 thousand weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the December 2024 loan discussed above. In October 2025, the Company repaid in full the outstanding balance of approximately $648 thousand as the Company entered into October 29, 2025 loan discussed below.

In June 2025, the Company entered into an Agreement for the Future Receivables Sale and Purchase Agreement (the "June 2025 loan") with a third party pursuant to which it sold and assigned $1,012,500 of future receipts (the "Purchased Amount") in exchange for net proceeds of $712,500 with origination fee of $37,550. Under the agreement, the Company agrees to pay the third party approximately $51,000 weekly until the Purchased Amount has been collected. In October 2025, the Company repaid in full the outstanding balance of principal $150 thousand and recognized debt extinguishment loss of $54,000 as the Company entered into October 1, 2025 loan discussed below.

In August 2025, the Company entered into an Agreement for the Purchase and Sale of Future Receipts ("August 2025 loan") with a third party pursuant to which it sold and assigned $1.9 million of future receipts (the "Purchased Amount") in

exchange for net proceeds of $1.2 million, net of an origination fee of $117,000. Under the agreement, the Company agrees to pay the third party approximately $59 thousand weekly until the Purchased Amount has been collected. A portion of the net proceeds were used to pay off the February 2025 loan. In October 2025 the Company repaid in full the outstanding balance of $832 thousand as the Company entered into October 29, 2025 loan discussed below.

In September 2025, the Company entered into a Purchase of Future Receipts Agreement ("September 2025 loan") with a third party. It loaned principal amount of $141 thousand with a financial charge of $65 thousand. Under the agreement, the Company agrees to pay the third party approximately $11 thousand weekly for 18 weeks. As of December 31, 2025, the outstanding balance of the loan was $33 thousand. In January 2026, the Company repaid all balance in accordance with the agreement.

In October 2025, the Company entered into an Agreement for the Purchase and Sale of Future Receipts ("October 1, 2025 loan") with a third party pursuant to which it sold and assigned $938 thousand of future receipts (the "Purchase Amount") in exchange for net proceeds of $641 thousand net of origination fee of $34 thousand. Under the agreement, the Company agrees to pay the third party approximately $52 thousand weekly until the Purchase Amount has been collected. A portion of the net proceeds were used to prepay June 2025 loan. As of December 2025, the outstanding balance of the loan was $174 thousand.

In October 2025, the Company entered into an Agreement for the Purchase and Sale of Future Receipts ("October 29, 2025 loan") with a third party pursuant to which it sold and assigned $3.6 million of future receipts (the "Purchase Amount") in exchange for net proceeds of $2.3 million net of origination fee of $250 thousand. Under the agreement, the Company agrees to pay the third party approximately $94 thousand weekly until the Purchase Amount has been collected. A portion of the net proceeds were used to prepay the May 2025 and August 2025 loan and the Company recognized debt extinguishment of $637 thousand. As of December 31, 2025, the outstanding balance of the loan was $2.0 million.

In December 2025, the Company entered into an Agreement for the Purchase and Sale of Future Receipts ("December 2025 loan") with a third party pursuant to which it sold and assigned $750 thousand of future receipts (the "Purchase Amount") in exchange for net proceeds of $455 thousand net of origination fee of $45 thousand. Under the agreement, the Company agrees to pay the third party approximately $54 thousand weekly until the Purchase Amount has been collected. As of December 31, 2025, the outstanding balance of the loan was $393 thousand. In Feburary 2026, the Company repaid in full the outstanding balance as the Company entered into a new loan discussed in Note 14.

Except as otherwise indicated above, the proceeds of the foregoing loans and other arrangements were used to augment the Company's working capital. See Note 14 for more information regarding notes payable agreements entered subsequent to December 31, 2025.

**NOTE 8—STOCKHOLDERS' DEFICIT**

On January 12, 2023, the Company also granted two consultants to the Company five-year warrants to purchase up to 250,000 shares of common stock each at an exercise price of $0.50 a share. On January 27, 2023, the Company granted a consulting company a five-year warrant to purchase up to 500,000 shares of common stock at an exercise price of $0.47 a share. The warrants are subject to adjustment in the event of a stock split, reverse stock split and similar events. The fair value of the warrants was determined using the Black-Scholes Merton option pricing model. The fair value of the underlying shares was determined based upon the market value of the common stock. The expected volatility was adjusted using the historical volatility of the common stock and the market price of comparable publicly traded securities. Under ASC 480-10 and ASC 815, the warrants are classified as a liability. For the years ended December 31, 2025 and 2024, the Company recorded the change in fair value of $5,000 and ($57,000), respectively, in the consolidated statements of operations.

The following table presents the assumptions used to value the warrants:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Stock price | $ 0.01 | $ 0.01 |
| Exercise price | $0.47-$0.50 | $0.47 - $0.50 |
| Expected term | 2.03-2.24 years | 3.03-3.07 years |
| Risk-free rate | 3.48% | 4.27% |
| Dividend yield | — | — |
| Volatility | 543.38%-548.72% | 444.84%-447.87% |

A summary of the Company's warrants activity for the years ended December 31, 2025 and 2024 is presented below:

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Warrants outstanding, beginning of year | 4,625,000 | $ 0.81 | 4,732,391 | $ 0.95 |
| Granted | — | — | — | — |
| Exercised | — | — | — | — |
| Cancelled, forfeited and expired | (3,625,000) | 0.90 | (107,391) | 7.21 |
| Warrants outstanding, end of year | 1,000,000 | $ 0.49 | 4,625,000 | $ 0.81 |
| Warrant exercisable, end of year | 1,000,000 | $ 0.49 | 4,625,000 | $ 0.81 |

As of December 31, 2025, the weighted-average remaining contractual life of outstanding warrants was 2.05 years.

**Stock options —** The Company's former 2011 Stock Incentive Plan permitted grants of incentive stock options to employees, including executive officers, and other share-based awards such as stock appreciation rights, restricted stock, stock units, stock bonus and unrestricted stock awards to employees, directors, and consultants for up to 9,000,000 shares of common stock. Options granted under the 2011 Stock Incentive Plan generally expire ten years after grant. Options granted to directors vest in quarterly installments and all other option grants vest over a minimum period of three years, in each case, subject to continuous service with the Company. The 2011 Stock Incentive Plan expired in May 2021 and no further awards may be made under the Plan. As of December 31, 2025 and December 31, 2024, stock options to purchase up to 1,300,774 shares and 1,461,443 shares, respectively, were outstanding under the 2011 Stock Incentive Plan.

The Company also had an Amended and Restated 2012 Omnibus Incentive Compensation Plan under which the Company could grant incentive stock options to selected employees including officers, non-employee consultants and non-employee directors. The Plan was terminated in September 2021. As of December 31, 2025 and December 31, 2024, stock options to purchase up to 243,968 shares and 245,008 shares, respectively, were outstanding under the Amended and Restated 2012 Omnibus Incentive Plan.

On September 29, 2021, the Board of Directors of the Company adopted the Emmaus Life Sciences, Inc. 2021 Stock Incentive Plan upon the recommendation of the Compensation Committee of the Board. The 2021 Stock Incentive Plan was approved by stockholders on November 23, 2021. No more than 4,000,000 shares of common stock may be issued pursuant to awards under the 2021 Stock Incentive Plan. The number of shares available for Awards, as well as the terms of outstanding awards, is subject to adjustment as provided in the Stock Incentive Plan for stock splits, stock dividends, reverse stock splits, recapitalizations and other similar events. During the year ended December 31, 2025, the Company granted options to purchase 50,000 shares of common stock to a consultant. During the year ended December 31, 2024, the Company granted options to purchase 1,620,000 shares, 300,000 shares and 440,000 shares of common stock to employees, non-employee directors and a consultant, respectively. All options are exercisable for ten years from the date of grant and will vest and become exercisable with respect to the underlying shares over three years for employees, one year for non-employee directors and immediately for the consultant. As of December 31, 2025 and December 31, 2024, stock options to purchase up to 3,120,000 and 3,580,833 shares, respectively, were outstanding under the 2021 Stock Incentive Plan.

Management has valued stock options at their date of grant utilizing the Black-Scholes-Merton Option pricing model. The fair value of the underlying shares was determined by the market value of the Company's common stock. The expected volatility was adjusted using the historical volatility of the common stock. The following table presents the assumptions used on the recent dates on which options were granted by the Company. The risk-free interest rate is based on the implied yield available on U.S. Treasury issues with a term approximating the expected life of the options depending on the date of the grant and expected life of the respective options.

| | November 2025 | January 2024 |
|---|---|---|
| Stock price | $ 0.01 | $ 0.11 |
| Exercise price | $ 0.01 | $ 0.15 |
| Expected term | 5 years | 5-5.75 years |
| Risk-free rate | 3.68% | 3.80-3.81% |
| Dividend yield | — | — |
| Volatility | 363.44% | 127.39-136.00% |

A summary of the Company's stock option activity for the years ended December 31, 2025 and 2024 is presented below:

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Number of Options | Weighted-Average Exercise Price | Number of Options | Weighted-Average Exercise Price |
| Options outstanding, beginning of year | 5,287,284 | $ 3.54 | 3,223,881 | $ 5.97 |
| Granted or deemed issued | 50,000 | $ 0.01 | 2,360,000 | $ 0.15 |
| Exercised | — | $ — | — | $ — |
| Cancelled, forfeited and expired | (672,542) | $ 2.88 | (296,597) | $ 0.34 |
| Options outstanding, end of year | 4,664,742 | $ 3.60 | 5,287,284 | $ 3.54 |
| Options exercisable at end of year | 4,646,686 | $ 3.60 | 4,819,920 | $ 3.59 |
| Options available for future grant | 880,000 | | 419,167 | |

During the years ended December 31, 2025 and 2024, the Company recognized approximately $25 thousand and $256 thousand, respectively of share-based compensation expense. As of December 31, 2025, there was approximately $1 thousand of total unrecognized compensation cost related to unvested share-based compensation awards outstanding under the 2021 Stock Incentive Plan. That cost is expected to be recognized over the weighted-average remaining period of 0.03 years.

**NOTE 9—INCOME TAXES**

Loss from income taxes as of December 31, 2025 are as follows (in thousand):

| | 2025 | 2024 |
|---|---|---|
| Domestic income (loss) | $ (7,473) | $ (6,497) |
| Foreign income (loss) | (10) | 73 |
| Loss before income taxes | $ (7,483) | $ (6,424) |

The provision for income taxes consists of the following for the years ended December 31, 2025 and 2024 (in thousands):

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Current | | |
| Federal | $ — | $ — |
| States | 8 | 7 |
| International | 1 | 22 |
| Total current income tax provision | 9 | 29 |
| Deferred | | |
| Federal | — | — |
| States | — | — |
| International | — | — |
| Total deferred income tax provision | — | — |
| Total provision for income tax | $ 9 | $ 29 |

Deferred tax assets consisted of the following as of December 31, 2025 and 2024 (in thousands):

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Net operating loss carryforward | $ 19,916 | $ 19,478 |
| General business tax credit | 12,085 | 12,154 |
| Stock options | 1,104 | 1,122 |
| Charitable contribution | 7 | 7 |
| Accrued expenses | 263 | 237 |
| Unearned revenue | 2,563 | 2,605 |
| Allowance for bad debt | 204 | 253 |
| Unrealized gain on foreign exchange translation and others | 1,286 | 1,314 |
| Section 174 Expenditures | 239 | 322 |
| Other | 2,066 | 1,772 |
| Total gross deferred tax assets | 39,733 | 39,264 |
| Less valuation allowance | (39,302) | (38,838) |
| Net deferred tax assets | $ 431 | $ 426 |

Deferred tax liabilities consisted of the following as of December 31, 2025 and 2024 (in thousands):

| | 2025 | 2024 |
|---|---|---|
| Unrealized loss on available-for-sale securities | $ (427) | $ (427) |
| Other | (4) | 1 |
| Total deferred tax liabilities | $ (431) | $ (426) |

A valuation allowance for the net deferred tax assets is recorded when it is more likely than not that the Company will not realize these assets through future operations. The valuation allowance increased by approximately $0.5 million and decreased by $4.1 million for the year ended December 31, 2025 and December 31, 2024, respectively.

As of December 31, 2025 and December 31, 2024, the Company had net operating loss carryforwards for federal income tax purposes of approximately $78.8 million and $72.4 million, respectively, available to offset future federal taxable income, if any. $59.5 million of net operating loss generated in 2017 and prior years expire in various years through 2037. $13.2 million of net operating losses for federal income tax purpose generated in 2018 and after will be available indefinitely. In addition, the Company had net operating loss carryforwards for state income tax purposes of approximately $68.5 million and $65.3 million respectively, which generally expire in 10 to 20 years. For some states, the net operating loss generated in 2018 and after will be available indefinitely. As of December 31, 2025 and December 31, 2024, the Company has general business tax credits of $12.1 million and $12.2 million, respectively, for federal income tax purposes. The tax credits are available to offset future tax liabilities, if any, through 2043. The Company’s utilization of net operating loss carryforwards could be subject to an annual limitation as a result of certain past or future events, such as stock sales or other equity events constituting a “change in ownership” under the provisions of the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitations could result in the expiration of net operating loss carryforwards and tax credits before they can be utilized.

The income tax provision differs from that computed using the statutory federal tax rate of 21%.

A reconciliation of the U.S. Federal statutory income tax rate to the Company's effective income tax rate is as follows (in thousands for amount):

| | December 31, 2025 | |
|---|---|---|
| | Amount | % |
| Tax benefit at statutory federal rate | $ (1,569) | 21.0% |
| State taxes, net of federal tax benefit (1) | 8 | -0.1% |
| Foreign tax effect | 1 | 0.0% |
| Nontaxable or Nondeductible items | | |
| Disallowed interest expense | 132 | -1.8% |
| Other permanent items | (14) | 0.2% |
| Other adjustments | | |
| Benefit from state NOL Adjustment | (251) | 3.4% |
| Benefit on state taxes | 83 | -1.1% |
| Other adjustments (individually less than 5%) | (100) | 1.3% |
| Change in valuation allowance | 1,719 | -23.0% |
| Total income tax provision | $ 9 | -0.1% |

(1) State taxes in California, Kentucky and New Jersey made up the majority (greater than 50%) of the tax effect in this category.

As previously disclosed for the year ended December 31, 2024 prior to the adoption of ASU 2023-09, the table below is a reconciliation of the components that caused the Company's provision (benefit) for the income taxes to differ from amounts computed using the statutory tax rate of 21 %.

| | December 31, 2024 |
|---|---|
| Tax benefit at statutory federal rate | $ (1,351) |
| State taxes, net of federal tax benefit | (317) |
| Increase in valuation allowance | (4,058) |
| Permanent items | (10) |
| General business tax credit | (68) |
| Stock options deferred true-up | 5,674 |
| Other | 159 |
| Total income tax provision | $ 29 |

The following table summarizes he income taxes paid, net of refunds, for the year ended December 31, 2025 (in thousands):

| | December 31, 2025 |
|---|---|
| U.S. Federal | $ — |
| California | 6 |
| New Jersey | 4 |
| Other states | 2 |
| Japan | 11 |
| Total income tax paid | $ 23 |

As of December 31, 2025 and December 31, 2024, the Company had no unrecognized tax benefits or position which, in the opinion of management, would be reversed if challenged by a taxing authority. In the event the Company is assessed interest or penalties, such amounts would be classified as income tax expense. As of December 31, 2025, all federal tax returns since 2022 are subject to audit. The expiration of the state returns varies by state, but the 2021 and subsequent years' returns generally are subject to audit. No tax returns are currently being examined by taxing authorities.

**NOTE 10—LEASES**

**Operating leases** — During the years ended December 31, 2025 and 2024, the Company leased its office space under operating leases with unrelated entities.

Prior to November 2024, the Company leased 21,293 square feet of office space for its headquarters in Torrance, California, at a base rental of $90,069 per month pursuant to lease, as amended, which was to expire on September 30, 2026. In

November 2024, the lease was amended to, among other things, reduce the leased space to 4,639 square feet at a base rental of $18,556 per month and to provide for the upfront payment of approximately $58,483 to fund the cost of demising work on the former leased space. The amended lease became effective on April 2, 2025 and will expire on April 1, 2030. As a result, the Company recognized $0.9 million gain on lease modification included in the consolidated statements of operations. In addition, the Company leases 1,163 square feet of office space in Dubai, United Arab Emirates, at a base rental of AED 11,713 (approximately $3,000) per month, which will expire on June 19, 2026. Lease expense was $0.5 million and $1.1 million for years ended December 31, 2025 and 2024, respectively.

Future minimum lease payments were as follows as of December 31, 2025 (in thousands):

| | | |
|---|---|---|
| 2026 | $ | 510 |
| 2027 | | 506 |
| 2028 | | 513 |
| 2029 and after | | 651 |
| Total lease payments | | 2,180 |
| Less: Interest | | 423 |
| Current portion | | 348 |
| Operating lease liabilities, less current portion | $ | 1,409 |

As of December 31, 2025 and 2024, the Company had an operating lease right-of-use asset of $0.8 million and $1.5 million, respectively and lease liability of $1.8 million and $3.2 million, respectively. As of December 31, 2025 and 2024, the weighted-average discount rate was 10.46%. The weighted average remaining term of the Company's leases as of December 31, 2025 was 4.1 years.

**NOTE 11—COMMITMENTS AND CONTINGENCIES**

**API Supply Agreement —** On June 12, 2017, the Company entered into an API Supply Agreement (the "API Agreement") with Telcon pursuant to which Telcon paid the Company approximately $31.8 million in consideration of the right to supply 25% of the Company's requirements for bulk containers of PGLG for a fifteen-year term. The amount was recorded as deferred trade discount. On July 12, 2017, the Company entered into a raw material supply agreement with Telcon which revised certain terms of the API supply agreement (the "revised API agreement"). The revised API agreement is effective for a term of five years and will renew automatically for 10 successive one-year renewal periods, except as either party may determine. In the revised API agreement, the Company has agreed to purchase a cumulative total of $47.0 million of PGLG over the term of the agreement. The revised API agreement provided for an annual API purchase target of $5 million and a target "profit" (*i.e.,* gross margin) to Telcon of $2.5 million. To the extent these targets are not met, Telcon may be entitled to payment of the shortfall or to offset the shortfall against the Telcon convertible bond and proceeds there of that are pledged as collateral to secure our obligations. In September 2018, the Company entered into an agreement with Ajinomoto and Telcon to facilitate Telcon's purchase of PGLG from Ajinomoto for resale to the Company under the revised API agreement. The PGLG raw material purchased from Telcon is recorded in inventory at net realizable value and the excess purchase price is recorded against deferred trade discount. Refer to Notes 5 and 6 for more information.

**NOTE 12—RELATED PARTY TRANSACTIONS**

The following table sets forth information relating to our loans from related persons outstanding at any time during the year ended December 31, 2025 (in thousands except for conversion rate and share information):

| Class | Lender | Interest Rate | Date of Loan | Term of Loan | Principal Amount Outstanding December 31, 2025 | Highest Principal Outstanding | Amount of Principal Repaid or Converted into Stock | Amount of Interest Paid |
|---|---|---|---|---|---|---|---|---|
| **Promissory note payable - related parties:** | | | | | | | | |
| | Willis Lee(2) | 12% | 10/29/2020 | On Demand | 100 | 100 | — | — |
| | Soomi Niihara(1) | 12% | 12/7/2021 | On Demand | 700 | 700 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 2/9/2022 | On Demand | 350 | 350 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 2/15/2022 | On Demand | 210 | 210 | — | — |
| | Soomi Niihara(1) | 10% | 2/15/2022 | On Demand | 100 | 100 | — | — |
| | Hope International Hospice, Inc.(1) | 12% | 3/15/2022 | On Demand | 150 | 150 | — | — |
| | Hope International Hospice, Inc.(1) | 12% | 3/30/2022 | On Demand | 150 | 150 | — | — |
| | Wei Peu Zen(2) | 10% | 3/31/2022 | On Demand | 200 | 200 | — | — |
| | Albert Niihara(3) | 10% | 4/4/2022 | On Demand | 110 | 350 | 240 | 150 |
| | Willis Lee(2) | 10% | 4/14/2022 | On Demand | 45 | 45 | — | — |
| | Albert Niihara(3) | 10% | 4/19/2022 | On Demand | 250 | 250 | — | 35 |
| | Hope International Hospice, Inc.(1) | 10% | 5/25/2022 | On Demand | 40 | 40 | — | — |
| | Dr. Yutaka and Soomi Niihara(1) | 12% | 7/27/2022 | 5 years | 402 | 402 | — | 48 |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 8/16/2022 | 5 years | 250 | 250 | — | 25 |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 8/16/2022 | 5 years | 1,669 | 1,669 | — | 167 |
| | Hope International Hospice, Inc.(1) | 10% | 8/17/2022 | On Demand | 50 | 50 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 10/20/2022 | On Demand | 100 | 100 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 3/17/2023 | On Demand | 100 | 100 | — | — |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 3/21/2023 | On Demand | 127 | 127 | — | — |
| | Wei Peu Zen(2) | 60% | 12/1/2023 | 2 months | 350 | 350 | — | |
| | | | | **Total** | **$ 5,453** | **$ 5,693** | **$ 240** | **$ 425** |

The following table sets forth information relating to our loans from related persons outstanding at any time during the year ended December 31, 2024 (in thousands except for conversion rate and share information):

| Class | Lender | Interest Rate | Date of Loan | Term of Loan | Principal Amount Outstanding December 31, 2024 | Highest Principal Outstanding | Amount of Principal Repaid or Converted into Stock | Amount of Interest Paid |
|---|---|---|---|---|---|---|---|---|
| **Promissory note payable - related parties:** | | | | | | | | |
| | Willis Lee(2) | 12% | 10/29/2020 | On Demand | 100 | 100 | — | 2 |
| | Soomi Niihara(1) | 12% | 12/7/2021 | On Demand | 700 | 700 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 2/9/2022 | On Demand | 350 | 350 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 2/15/2022 | On Demand | 210 | 210 | — | — |
| | Soomi Niihara(1) | 10% | 2/15/2022 | On Demand | 100 | 100 | — | — |
| | Hope International Hospice, Inc.(1) | 12% | 3/15/2022 | On Demand | 150 | 150 | — | — |
| | Hope International Hospice, Inc.(1) | 12% | 3/30/2022 | On Demand | 150 | 150 | — | — |
| | Wei Peu Zen(2) | 10% | 3/31/2022 | On Demand | 200 | 200 | — | — |
| | Albert Niihara(1) | 10% | 4/4/2022 | On Demand | 350 | 500 | 150 | — |
| | Willis Lee(2) | 10% | 4/14/2022 | On Demand | 45 | 45 | — | — |
| | Albert Niihara(1) | 10% | 4/19/2022 | On Demand | 250 | 250 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 5/25/2022 | On Demand | 40 | 40 | — | — |
| | Dr. Yutaka and Soomi Niihara(1) | 12% | 7/27/2022 | 5 years | 402 | 402 | — | 44 |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 8/16/2022 | 5 years | 250 | 250 | — | 23 |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 8/16/2022 | 5 years | 1,669 | 1,669 | — | 153 |
| | Hope International Hospice, Inc.(1) | 10% | 8/17/2022 | On Demand | 50 | 50 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 10/20/2022 | On Demand | 100 | 100 | — | — |
| | Hope International Hospice, Inc.(1) | 10% | 3/17/2023 | On Demand | 100 | 100 | — | — |
| | Dr. Yutaka and Soomi Niihara(1) | 10% | 3/21/2023 | On Demand | 127 | 127 | — | — |
| | Wei Peu Zen(2) | 60% | 12/1/2023 | 2 months | 350 | 700 | 350 | 70 |
| | | | | **Total** | **$ 5,693** | **$ 6,193** | **$ 500** | **$ 292** |

(1) Dr. Niihara, a former director, Chairman of the Board and Chief Executive Officer of the Company, is also a director and the Chief Executive Officer of Hope International Hospice, Inc.
(2) Officer or director.

See Note 5 for a discussion of the sale of the Company's EJ Holdings shares to Niihara International, Inc., formed by Dr. Niihara and the related loan receivable from EJ Holdings.

See Notes 6 and 11 for a discussion of the Company’s distribution and supply agreements with Telcon, which holds 4,147,491 shares of the Company common stock, or approximately 5.9% of the common stock outstanding as of December 31, 2025. The Company holds an investment in a convertible bond of Telcon in the principal amount of KRW 17.0 billion, or approximately $11.8 million as of December 31, 2025, which matures on October 16, 2030 and bears interest at 2.1% a year, payable quarterly. See Note 5 for more information regarding the investment in convertible bond.

**NOTE 13—DEFINED CONTRIBUTION PLAN**

The Company has a defined contribution plan (the “401(k) Plan”) covering substantially all the Company’s employees. The Emmaus 401(k) Plan is a tax-qualified retirement saving plan, pursuant to which covered employees are able to contribute the lesser of 90% of their eligible annual compensation or the limit prescribed by the Internal Revenue Service (the “IRS”) to the 401(k) Plan on a before-tax basis. The Company matches 50% of employee contributions to the Company’s 401(k) Plan based on each participant’s contribution during the plan year up to 4.0% of each participant’s annual compensation.

For the years ended December 31, 2025 and 2024, the Company made matching contributions to the Company’s 401(k) Plan of approximately $35 thousand and $66 thousand, respectively.

**NOTE 14—SUBSEQUENT EVENTS**

In February 2026, Emmaus Medical entered into a Sale of Future Receipts Agreement with a third party pursuant to which it sold and assigned $1.7 million of future receipts (the "Purchased Amount") in exchange for net cash proceeds of $1.1 million. Under the agreement, the Company agreed to pay the third party approximately $57 thousand weekly for 30 weeks until the Purchase Amount has been collected. The portion of proceeds was used to pay December 2025 loan.

In January 2026 NIT hired selected members of our U.S. sales force and the Company entered into a Commercial Personal Services Agreement with NIT as contemplated by the License and Exclusive Distribution Agreement, or License Agreement, with NIT. Under the Commercial Personal Services Agreement, pending the "Effective Date" of the License Agreement, NIT will render to the sales and marketing services for Endari® in the field in the Territory in exchange for a payment of quarterly fees in the low-to-mid six figures. The Company will continue to realize all revenues from sales of Endari® in the territory pending the Effective Date.

In March 2026 the Company entered into the Exclusive Supply Agreement contemplated by the License Agreement. Subject to the occurrence of the "Effective Date" of the License Agreement, pursuant to the Exclusive Supply Agreement the Company will agree to supply exclusively to NIT, and NIT will agree, subject to certain exceptions, to purchase exclusively from the Company all of NIT's requirements for the products under the License Agreement at a purchase price based upon our cost of production plus a specified double digit percentage margin.

The Effective Date of the License Agreement is subject to NIT's obtaining the necessary regulatory approvals and licensing to sell and distribute the Product and other specified conditions, and there is no assurance that the Effective Date will occur. The License Agreement may be terminated by either party if the Effective Date does not occur by October 1, 2026 unless the failure to occur is due to the Company's wrongful acts.