CV SCIENCES, INC.

FORM 10-K
(Annual Report)

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Address	9530 PADGETT STREET SUITE 107 SAN DIEGO, CA, 92126
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Industry	Pharmaceuticals
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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, 2024

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission File Number: 000-54677

CV Sciences, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**80-0944970**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9530 Padgett Street, Suite 107, San Diego,	**CA 92126**
(Address of principal executive offices)	**(Zip Code)**

Registrants telephone number, including area code 866-290-2157

Securities registered pursuant to Section 12(b) of the Act: **None**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.0001 par value 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 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2024, the last day of the registrant's most recently completed second fiscal quarter, based upon the closing price of the registrant's common stock as reported by the OTC:QB Marketplace on such date, was approximately $11 million. This calculation does not reflect a determination that persons are affiliates for any other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of March 24, 2025, the issuer had 184,263,663 shares of issued and outstanding common stock, par value $0.0001.

DOCUMENTS INCORPORATED BY REFERENCE.

Certain portions of the registrant’s definitive proxy statement to be delivered to its shareholders in connection with the registrant’s 2025 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K. Such definitive proxy statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

CV SCIENCES, INC.
FORM 10-K
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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). Our SEC filings are available to the public on the SEC's Internet site at http://www.sec.gov.

In addition, on our Internet website, http://www.cvsciences.com, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. The contents of our website are not incorporated in or otherwise to be regarded as part of this Annual Report on Form 10-K (this "Annual Report").

When we use the terms "CV Sciences," the "Company," "we," "our" and "us" we mean CV Sciences, Inc., a Delaware corporation, taken as a whole, as well as any predecessor entities, unless the context otherwise indicates.

FORWARD LOOKING STATEMENTS

This Annual Report, the other reports, statements, and information that the Company has previously filed with or furnished to, or that we may subsequently file with or furnish to, the SEC and public announcements that we have previously made or may subsequently make include, may include, or may incorporate by reference certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. To the extent that any statements made in this Annual Report contain information that is not historical, these statements are forward-looking. Forward-looking statements can be identified by the use of words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with the industries in which we operate, our operation in foreign countries, and the OTC Markets; our ability to successfully integrate acquired businesses into our own; our ability to raise additional capital to finance our activities; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; the volatility of our stock price; our ability to attract or retain qualified senior management personnel; the risk that our results could be adversely affected by natural disaster, public health crises (such as the outbreak of Coronavirus, or COVID-19), political crises, war, negative global climate patterns, or other catastrophic events; and other risks detailed from time to time in our filings with the SEC, or otherwise.

Information regarding market and industry statistics contained in this Annual Report is included based on information available to us that we believe to be accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications stated above and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements, except as required by applicable law. As a result, investors should not place undue reliance on these forward-looking statements.

PART I

ITEM 1. BUSINESS

Overview

CV Sciences, Inc. ("CV Sciences," the "Company," "we," "our" or "us") is a consumer wellness company specializing in nutraceuticals and plant-based foods. Our hemp extracts and other proven, science-backed, natural ingredients and products are sold through a range of sales channels from business-to-business ("B2B") to business-to-consumer ("B2C").

Our *+PlusCBD*™ branded products are sold at select retail locations throughout the U.S. and are the top-selling brands of hemp extracts in the natural products market, according to SPINS, the leading provider of syndicated data and insights for the natural, organic and specialty products industry. With a commitment to science, *+PlusCBD*™ product benefits in healthy people are supported by human clinical research data, in addition to three published clinical case studies available on PubMed.gov. *+PlusCBD*™ was the first hemp extract supplement brand to invest in the scientific evidence necessary to receive self-affirmed Generally Recognized as Safe ("GRAS") status.

On December 7, 2023, we entered into a Membership Interest Purchase Agreement, pursuant to which we purchased all of the outstanding equity interests in Cultured Foods Sp. z.o.o. ("Cultured Foods"), resulting in Cultured Foods becoming a wholly owned subsidiary of the Company. Cultured Foods is a leading European manufacturer and distributor of plant-based protein products. In January 2025, we launched *Lunar Fox*™*,* a brand that is focused on distribution of plant-based products in the U.S. market. Our *Cultured Foods*™ and *Lunar Fox*™ brands provide a variety of 100% plant-based food products. Committed to crafting nutritious and flavorful alternatives, *Cultured Foods*™ and *Lunar Fox*™ cater to individuals seeking vegan, gluten-free, or flexitarian options for a nutritious and satisfying culinary experience.

In May 2024, we acquired all outstanding membership interests of Elevated Softgels, LLC, a Delaware limited liability company ("Elevated Softgels"). Elevated Softgels is a leading manufacturer of encapsulated softgels and tinctures for the supplement and nutrition industry, based in Colorado.

In August 2024, we engaged Maxim Group, LLC ("Maxim") as a non-exclusive financial advisor and investment banker to provide strategic financial advisory and investment banking services. Working with Maxim, the Company intends to continue building an efficient and cost effective consumer products platform. We also intend to continue to evaluate inbound and outbound merger, sale, acquisition or other opportunities for the Company.

We also have a dormant drug development program focused on developing and commercializing CBD-based novel therapeutics, which may be pursued further, subject to available capital.

Our primary offices and facilities are located in San Diego, California; Grand Junction, Colorado; and Warsaw, Poland.

Our common stock is traded on the OTC:QB market under the trading symbol CVSI.

Current Operations

We currently manufacture and distribute more than 50 products across our four brands. We continuously evaluate new products to develop, introduce and market, as well as making improvements to our existing products.

We develop, manufacture, market and sell herbal supplements, CBD products and plant-based food products under the following brands: *+PlusCBD*™*, +PlusHLTH*™*, Cultured Foods*™*, and Lunar Fox*™ *in* the healthcare market sector, including nutraceutical, beauty care, specialty foods, and pet products.

- ***+PlusCBD*™** - Our award-winning line of products available in softgel, tinctures, topicals, and gummies. It was our first brand to market, released in 2014, and is the top-selling brand of hemp-derived CBD in the natural product retail market. *+PlusCBD*™ is backed by published research, third party safety testing, and rigorous quality standards.

  In addition, products under our *+PlusCBD*™ *Pet* brand offer all the hemp extract benefits offered by *+PlusCBD*™ for human use, but they are formulated just for cats and dogs. *+PlusCBD*™ *Pet* provides

physical and emotional support to help address the stress and physical discomfort keeping pets from being their best. Available in easy to use chews and liquids, with several flavor options including beef, chicken, and peanut butter.

- ***+PlusHLTH™*** - During 2024, we launched a new line of cannabinoid-free supplements delivering targeted formulations for optimized health, improved performance and increased vitality. Products under our *+PlusHLTH™* brand are currently distributed to select retailers in the U.S. and are available online.
- ***Cultured Foods™*** - Products under our *Cultured Foods™* brand are currently being distributed in Europe. Our products are entirely plant-based, natural, gluten-free and shelf-stable.
- ***Lunar Fox™*** - In March 2025, we launched *Lunar Fox™,* our new brand of plant-based, natural, gluten-free and shelf-stable products tailored for and distributed to select retailers in the U.S. market.

Hemp-based CBD is one of more than 100 cannabinoids found in hemp and is non-psychoactive. Our U.S. based operations oversee our raw material supply chain, raw material processing, product development and manufacturing, and sales and marketing. We will continue to scale operations to accommodate market conditions.

We are also developing cannabinoids intended to treat medical indications. Cannabinoids are compounds derived from the Cannabis sativa plant, which contains two primary cannabinoids, CBD and tetrahydrocannabinol ("THC"). Clinical and preclinical data suggest that CBD has promising results in treating a range of medical indications. We acquired drug development assets utilizing CBD as the active pharmaceutical ingredient in our CanX acquisition in December 2015.

Our product candidate, CVSI-007, combines CBD and nicotine in treatment of smokeless tobacco use and addiction. There are currently no drugs approved by the U.S. Food and Drug Administration ("FDA") for treatment of smokeless tobacco use and addiction. The worldwide smokeless tobacco addiction treatment market is estimated at greater than $2 billion. We believe this product candidate will provide treatment options for this significant unmet medical need. CVSI-007 is based on proprietary formulations, processes and technology. In May 2016, we filed a patent application for the technology implemented for CVSI-007 with the U.S. Patent and Trademark Office ("USPTO"). On May 19, 2020, we received a formal notice of issuance from the USPTO for our patent application 15/426,617. The patent covers methods of treating smokeless tobacco addiction by administering pharmaceutical formulations containing CBD and nicotine. We have similar patent protection in other key markets throughout the world. As of December 31, 2024, our patent has been granted in 10 countries, including the United States, Australia, Canada, Germany, Spain, France, Great Britain, Italy, Netherlands, and Japan.

Our CVSI-007 program is currently dormant. Subject to available capital, we plan to continue our development efforts as we seek approval from the FDA to commercialize the world's first and only FDA-approved treatment for smokeless tobacco addiction. We have relationships with qualified parties and contract research organizations for our preclinical research and Investigational New Drug application ("IND") preparation and development. Further development efforts require significant investment and we are looking for strategic partners to further advance our efforts. Commercialization of future specialty pharmaceutical products in the United States and other territories may rely on licensing and co-promotion agreements with strategic partners. If we choose to build a commercial infrastructure to support marketing in the United States, such commercial infrastructure could include a sales organization, internal sales support, an internal marketing group and distribution support. However, we anticipate that building such a commercial infrastructure will require significant investment.

During the year ended December 31, 2024, we continued to make strategic cost reductions, including reductions in employee headcount, vendor spending, and the delaying of certain expenses related to our drug development activities in order to ensure the success of our business.

Description of our Subsidiaries

CV Sciences was incorporated under the name Foreclosure Solutions, Inc. in the State of Texas on December 9, 2010. On July 25, 2013, CannaVest Corp., a Texas corporation ("CannaVest Texas"), merged with CV Sciences, a wholly-owned Delaware subsidiary of CannaVest Texas, to effectuate a change in the Company's state of incorporation from Texas to Delaware. On January 4, 2016, we filed a Certificate of Amendment of Certificate of Incorporation reflecting

our corporate name change to "CV Sciences, Inc.", effective on January 5, 2016. In addition, on January 4, 2016, we amended our Bylaws to reflect our corporate name change to "CV Sciences, Inc."

On December 7, 2023, we acquired Cultured Foods, a limited liability company organized under the laws of Poland. On May 13, 2024, we acquired Elevated Softgels, LLC, a Delaware limited liability company.

Government Regulation

We are subject to local and federal laws and regulations pertaining to the sale of hemp derived CBD products in our operating jurisdictions. We maintain required licenses for sourcing, manufacturing, and distribution; we also monitor changes in laws, regulations, treaties, and agreements on a continuous basis. We derive our revenue from the manufacture, marketing and distribution of hemp extracts and other proven, science-backed, natural ingredients and products. All applicable legislation is a matter of public record, and we are unable to predict what additional legislation or amendments governments may enact in the future. Changes to government regulation could impact our existing and planned operations or increase our operating expenses, which could have an adverse effect on our financial condition, results of operations and cash flows.

The Agriculture Improvement Act of 2018, known as the "2018 Farm Bill", is United States federal legislation signed into law on December 20, 2018, that provides the legal framework for hemp-based products. The 2018 Farm Bill permanently removed "hemp" from the purview of the Controlled Substances Act, and accordingly, the U.S. Drug Enforcement Administration ("DEA") no longer has any claim to interfere with the interstate commerce of hemp products. One of the immediate impacts from this legislation included the ability for hemp farmers to access crop insurance and U.S. Department of Agriculture ("USDA") programs for competitive grants.

Notwithstanding the removal of the DEA from enforcement of hemp regulations, the FDA retains authority to regulate ingestible and topical hemp products, including hemp extracts that contain CBD, at the federal level. Moreover, states have retained regulatory authority through their own analogues to the Federal Food, Drug, and Cosmetic Act ("FDCA"), and the laws and regulations of certain states diverge from the laws and regulations of other states as well as from the federal treatment of the use of hemp as, or in, food, dietary supplements or cosmetic products. Each state also has a certain level of discretion to develop and implement its own laws and regulations governing the manufacturing, composition, marketing, labeling and sale of hemp products, which has created a patchwork of different regulatory schemes applicable to such products throughout the U.S. We actively monitor federal and state regulations and proposed regulations to ensure compliance.

In conjunction with the enactment of the 2018 Farm Bill, the FDA released a statement about the regulatory status of CBD. The statement noted that the 2018 Farm Bill explicitly preserved the FDA's authority to regulate products containing cannabis or cannabis-derived compounds under the FDCA and Section 351 of the Public Health Service Act. This authority allows the FDA to continue enforcing the law to protect the public while also providing potential regulatory pathways for products containing cannabis and cannabis-derived compounds. The statement also noted the growing public interest in cannabis and cannabis-derived products, including CBD, and informed the public that the FDA will treat products containing cannabis or cannabis-derived compounds as it does any other FDA-regulated products — meaning the products will be subject to the same authorities and requirements as FDA-regulated products containing any other substance, regardless of the source of the substance, including whether the substance is derived from a plant that is classified as hemp under the 2018 Farm Bill. The FDA's CBD enforcement discretion and regulatory actions with regards to CBD provide regulatory guidance to the CBD industry.

The FDA has consistently taken the position that CBD is prohibited from use as an ingredient in food and dietary supplements. This stems from its interpretation of the exclusionary clauses in the FDCA because CBD has been approved as a prescription drug and is the subject of substantial clinical investigations as a drug, which have been made public. The exclusionary clauses under the FDCA provide that a substance that has been approved or has been subject to substantial clinical investigations as a drug may not be used in a food or dietary supplement, unless the substance was first marketed in a food or dietary supplement prior to the initiation of substantial clinical investigations of the substance as a drug. The exclusionary clause does not apply to cosmetics. Cosmetics containing CBD could be viewed as drug products by the FDA if disease claims are made, or if the FDA determines the use of CBD in the product has a structure or function effect on the body (i.e., a drug effect).

To date, and to our knowledge based upon publicly available information, the FDA has neither issued regulations elaborating on the exclusionary clauses nor has it taken any enforcement action in the courts asserting a violation of the exclusionary clauses. However, the FDA has issued a number of warning letters to companies unlawfully marketing CBD products. In many of these cases, the manufacturers made unsubstantiated claims about the product being effective for the treatment of medical conditions (e.g., cancer, Alzheimer's disease, opioid withdrawal, anxiety and COVID-19), despite not having obtained drug approvals. Other warning letters were issued to companies for a variety of reasons, including: marketing CBD products as dietary supplements despite those products which contain CBD not meeting the definition of a dietary supplement; adding CBD to human and animal foods and marketing CBD products for infants and children and other vulnerable populations; selling CBD products that people may confuse for traditional foods or beverages and that may result in unintentional consumption or overconsumption of CBD; and selling unapproved animal drugs containing CBD that are intended for use in food-producing animals. Some of these letters were co-signed by the U.S. Federal Trade Commission ("FTC") and cited the companies for making claims about the efficacy of CBD and other ingredients which were not substantiated by competent and reliable scientific evidence. In December 2020, the FTC announced it had entered into settlement agreements with six companies marketing CBD products including oils, gummies, creams, and others with deceptive health claims about serious health conditions. The settlements included monetary penalties ranging from $20,000 to $85,000. The FTC announced another such enforcement action and settlement in May 2021, ordering consumer redress of over $30,000. The FDA has also issued warning letters to dietary supplement manufacturers objecting to the designation of CBD infused products as dietary supplements on the basis that CBD was not a permissible dietary supplement ingredient.

The FDA periodically updates its "Consumer Update" on CBD. Through these Consumer Updates, the FDA has noted that it has approved only one CBD product, a prescription drug product to treat three rare, severe forms of epilepsy. The FDA has also stated that it is illegal to market CBD by adding it to a food or labeling it as a dietary supplement, that the FDA has seen only limited data about CBD safety, which data indicates that there are real risks that need to be considered before taking CBD for any reason and that some CBD products are being marketed with unproven medical claims and are of unknown quality.

The FDA has stated that it recognizes the potential opportunities and significant interest in drug and other consumer products containing CBD, is committed to evaluating the agency's regulatory policies related to CBD and has established a dedicated internal working group, the Cannabis Product Committee, to explore potential pathways for various types of CBD products to be lawfully marketed. The FDA held a public hearing in May 2019 to obtain scientific data and information about the safety, manufacturing, product quality, marketing, labeling and sale of products containing cannabis or cannabis-derived compounds. The rules and regulations and enforcement in this area continue to evolve and develop. In July 2020, the FDA sent to the White House Office of Management and Budget (the "OMB") for review a draft guidance, "Cannabidiol Enforcement Policy," the details of which were not made public. This guidance remained under review at the OMB until January 2021, when it was withdrawn by the FDA as a part of the regulatory moratorium Executive Order issued by former President Biden. On January 26, 2023, the FDA stated its views publicly that a new regulatory pathway for CBD is needed and it is prepared to work with Congress to create such a pathway. The timeline for further CBD policy development remains uncertain while the administration and the FDA face competing regulatory priorities.

On January 26, 2023, the FDA issued a statement denying three citizen petitions that had asked the agency to conduct rule making to allow the marketing of CBD products as dietary supplements, and further stated a new regulatory pathway would benefit consumers by providing safeguards and oversight to manage and minimize risks related to CBD products. The agency suggested that Congress create a new regulatory pathway that balances individuals' access to CBD products with the necessary oversight to manage risks, adding it is prepared to work with Congress on this matter.

Currently, the timing for legislation that may include a new potential regulatory pathway for CBD developed by the FDA is uncertain. While authorizing legislation could be introduced in 2025, the FDA's development and implementation of a new pathway would likely take several years. As such, it is possible Congress may move forward with H.R. 1629, the "Hemp and Hemp-Derived CBD Consumer Protection and Market Stabilization Act of 2023" or similar legislation that would authorize a pathway for hemp-derived CBD in a more efficient manner, and would permit the use of CBD in dietary supplements and/or food.

In October 2021, Assembly Bill 45 passed in California, permitting the retail sale of products containing hemp-derived CBD including dietary supplements, topicals, over-the-counter and pet products. Pursuant to Assembly Bill 45, manufacturers of hemp-derived CBD dietary supplements must comply with certain testing and labeling requirements, and must register with the State Department of Public Health.

The regulations applicable to the sale of products containing hemp-derived CBD vary from state to state. As of December 31, 2024, several states, including, but not limited to, Alaska, California, Florida, Maryland, Minnesota, New York, Utah, and Virginia, have adopted new regulations that will impact our ability to sell certain products as currently formulated or packaged in these states. Many of these states have also implemented new THC/CBD limits, age verification, labeling and packaging requirements. We continue to assess the business and financial impact of the new regulations, including steps that can be taken to address the new product formulation and labeling requirements, as well as costs and potential revenue impact and anticipated timing for such impact to us in these states.

We are subject to federal and state consumer protection laws, including laws protecting the privacy of customer non-public information; the handling of customer complaints; the requirement to provide warnings about exposures to chemicals with adverse health effects; and regulations prohibiting unfair and deceptive trade practices.

The growth and demand for online commerce has resulted in more stringent consumer protection laws, at both state and federal levels, that impose additional compliance burdens on online companies. These laws cover issues such as user privacy, spyware and the tracking of consumer activities, marketing e-mails and communications, other advertising and promotional practices, money transfers, pricing, product safety, content and quality of products and services, taxation, electronic contracts and other communications and information security.

We are subject to numerous similar and other laws and regulations outside the U.S. for the sale of our plant-based food products, including but not limited to laws and regulations governing food safety, occupational health and safety, anti-corruption and data privacy, including the European Union General Data Protection Regulation. Certain jurisdictions have either imposed, or are considering imposing, product labeling requirements or other limitations on the marketing or sale of certain of our products.

There is uncertainty over whether or how existing laws governing issues such as sales and other taxes, auctions, libel, and personal privacy apply to the internet and commercial online services. These issues are predicted to take years to resolve. For example, tax authorities in some states, as well as a Congressional advisory commission, are currently reviewing the appropriate tax treatment of companies engaged in online commerce. Furthermore, new state tax regulations may subject CV Sciences to additional state sales and income taxes. Other areas that may result in significant additional taxes or regulatory restrictions include, without limitation, new legislation or regulation; the application of laws and regulations from jurisdictions whose laws do not currently apply, or the application of existing laws and regulations to the internet and commercial online services. These taxes or restrictions could have an adverse effect on our cash flow, output, and overall financial condition. Furthermore, there is a possibility that we may be financially responsible for past failures to comply with requirements.

Sales and Distribution

Our products are currently sold online through our websites (www.pluscbdoil.com and www.cvsciences.com), select distributors, brick and mortar retailers, and select e-tailers. We have relationships with wholesalers, distributors and retailers across the natural product, specialty, and professional market industries. We utilize our knowledgeable partners to display and present our products to customers in their brick and mortar stores. These relationships are important to ensure consumers across a variety of sales channels have access to our products. These partnerships and our expansive distribution allow us to build consumer trust in our brand and products. We have additional partners in the natural product channel to service our retail customers by stocking and displaying products and explaining product attributes and health benefits. For the year ended December 31, 2024, we sold products into more than 2,500 brick and mortar stores. We also utilize e-commerce platforms to reach consumers and guide them through the CBD buying process as we believe consumers rely heavily on digital research.

28% of our net revenue for the year ended December 31, 2024 was from new products launched since January 1, 2023. During this time period, we launched 24 new hemp-based products.

Our plant-based food products are predominantly sold in Europe and primarily in the retail space. Typically, we sell our plant-based food products to distributors for a specific territory within Europe.

Markets, Geography, Seasonality, and Major Customers

Our hemp-based products are predominantly sold in North America and primarily in the retail space. Based on our current and historical consolidated balance sheets and statement of operations, it does not appear that our business or operations experience any seasonality with respect to our sales, as any such seasonality appears to be unpredictable. Although we believe our customers' historical buying patterns and budgetary cycles may be a factor that impacts our annual and quarterly sales results, we are not able to reliably predict our sales based on seasonality because outside factors (timing of orders, introduction of new products, and other economic factors impacting our industry) can also substantially impact our sales patterns during the year.

Furthermore, because the majority of our sales are spread amongst various retailers, distributors, and direct consumers, our three largest customers accounted for an aggregate of approximately 9% and 7% of our total sales for the years ended December 31, 2024 and 2023, respectively. As a result, we do not believe our financial condition and results of operations is dependent on any one particular major customer.

Our plant-based food products are predominantly sold in Europe and primarily in the retail space. The plant-based food market has been growing in Europe and is well developed in the certain parts of Europe. Northern and western parts of Europe are more developed than the southern and south-eastern regions, such as Italy, Spain, Greece, Balkans, Romania, and Bulgaria. Typically, we sell our plant-based food products to distributors for a specific territory within Europe.

We are also a manufacturer of encapsulated softgels and tinctures for the supplement and nutrition industry. We are allowing low to large minimum order quantity ("MOQ") production runs for our mostly US-based customers.

Working Capital Items

We believe that our inventory levels are currently adequate for our short-term needs based upon present level of demand. We consider our products to be generally available and current suppliers to be reliable and capable of satisfying anticipated needs.

Competition

The CBD-based consumer product industry is highly competitive and fragmented with numerous companies, consisting of publicly- and privately-owned companies, such as Charlotte's Web Holdings Inc., cbdMD, Inc., Medterra CBD, Inc., and many others. There are also large, well-funded companies that have indicated their intention to compete in the hemp-based product category in the U.S. We routinely evaluate internal and external opportunities to optimize value for shareholders through new product development or by asset acquisitions or sales and believe we are well-positioned to capitalize in the growing CBD product category.

The plant-based food market in Europe is competitive and very fragmented. There are currently very few brands with a product portfolio similar to ours. Most of our competitors offer refrigerated products.

Most of our manufacturing competitors are larger companies requiring larger MOQ for softgels. We offer unique capabilities as we can handle small and large manufacturing orders.

There are several companies developing cannabinoid therapeutics for a range of medical indications. The cannabinoid therapeutic area currently includes formulated extracts of the *Cannabis* plant and synthetic formulations. These formulations include CBD or THC, or a combination of CBD and THC as the active pharmaceutical ingredient. Certain companies such as GW Pharmaceuticals plc have focused on plant-based CBD formulations, while other companies such as Harmony Biosciences Holdings, Inc. have focused on synthetic CBD formulations.

Intellectual Property

We have filed trademark applications on our brands, logos and marks in the U.S. and internationally. In May 2016, we filed a patent application for our product candidate CVSI-007 with the USPTO. On May 19, 2020, we received formal notice of issuance from the USPTO for our patent application 15/426,617. The patent covers methods of treating smokeless tobacco addiction by administering pharmaceutical formulations containing CBD and nicotine. We are pursuing similar patent protection in other key markets throughout the world. As of December 31, 2024, our patent has been granted in 10 countries, including the United States, Australia, Canada, Germany, Spain, France, Great Britain, Italy, Netherlands, and Japan.

We review our intellectual property portfolio on a periodic basis, and we will continue to broaden our portfolio in a fiscally prudent manner. In addition to our trademarks (both registered and unregistered) and patents, we rely on a combination of trade secret laws and restrictions on disclosure to protect our intellectual property rights.

Research and Development

Our research and development costs have consisted primarily of salaries and related personnel expense, facilities and equipment expense and other costs. We charge all research and development expenses to operations as incurred in the ongoing development of new consumer products and in development of our drug candidate CVSI-007. Our new product development activities include ideation and feasibility, product development, scaleup and validation, and product launch. We incurred research and development expenses of $0.1 million and $0.2 million, respectively, for the years ended December 31, 2024 and 2023.

Raw Materials and Product Manufacturing

We have invested significant capital to develop and maintain relationships with growers on a global scale to ensure access to raw materials to support anticipated revenue growth. We have historically sourced our raw materials from well-established and well-recognized hemp growers in Europe. In addition, we have developed relationships with hemp growers in the United States and purchase raw materials domestically as well. We have maintained access to these growers for their raw material supply and continue to explore and develop other relationships to ensure that we can meet the expected demand for hemp-based consumer products well into the future.

We are committed to producing quality products and testing transparency. Our goals include the optimization of our product manufacturing processes and the sourcing of reliable, high-quality raw materials. Our testing procedures are robust and comprehensive, starting with a supply chain built through our supplier verification program. All incoming cannabinoid ingredients are required to be first tested by the supplier at an independent, ISO accredited, third-party laboratory before they reach our production facilities and a Certificate of Analysis provided with each delivery. We then have the cannabinoid ingredients re-tested by an independent, ISO accredited, third-party laboratory to verify the supplier results before they are released into our production process. Final verification is performed by an independent ISO accredited third-party laboratory to ensure the finished products meet our high standards.

We are dedicated to providing the highest quality CBD consumer products on the market. We strive to meet or exceed the FDAs Good Manufacturing Practices (“GMP”) guidelines. These guidelines provide a system of processes, procedures and documentation to assure a product has the identity, strength, composition, quality and purity that appear on its label. We follow all guidelines for GMP and our products are processed, produced, and tested throughout the manufacturing process to confirm strict compliance with company and regulatory standards and specifications. Our third party manufacturers use FDA-registered facilities, which are independently GMP certified and subject to continuing independent audit and certification.

Our plant-based products are manufactured at our facility in Warsaw, Poland. We use only high-quality raw materials from selected suppliers to make our plant-based products.

We also manufacture encapsulated softgels and tinctures for our customers. Our setup is flexible to allow runs of very small to larger orders. Our customers can use their formulations or our in-house offerings. We can also provide formulation help. All products are tested by a third-party lab for purity and potency.

Environmental Matters

No significant pollution or other types of hazardous emission result from the Company's operations, and it is not anticipated that our operations will be materially affected by federal, state or local provisions concerning environmental controls. Our costs of complying with environmental health and safety requirements have not been material.

Furthermore, compliance with federal, state and local requirements regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, have not had, nor are they expected to have, any material effect on the capital expenditures, earnings or competitive position of the Company. However, we will continue to monitor emerging developments in this area.

Employees

We believe that our future success will depend, in part, on our ability to continue to attract, hire, and retain qualified personnel. As of December 31, 2024, we had a total of 49 employees, which included 41 full-time and 1 part-time employee in the U.S. and 6 full-time and 1 part-time employee in Poland. As of December 31, 2023, we had a total of 43 employees, which included 37 full-time and 1 part-time employee in the U.S. and 5 full-time employees in Poland. As discussed elsewhere in this Annual Report, during the year ended December 31, 2024, we continued to reduce our U.S. employee headcount in connection with our efforts to decrease our costs. In addition to our full-time employees, we contract with third-parties for the conduct of certain marketing, sales and manufacturing efforts. Employee health and safety in the workplace is one of our core values. We have no collective bargaining agreements with our employees, and none are represented by labor unions. Management believes the Company has good relationships with its employees.

Company Websites

We maintain a corporate Internet website at: www.cvsciences.com. We also sell our hemp-based products online at: www.pluscbdoil.com and provide additional information on our plant-based food products at: www.culturedfoods.eu. The contents of these websites are not incorporated in or otherwise to be regarded as part of this Annual Report.

We file reports with the SEC, which are available on our website free of charge. These reports include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, “Section 16” filings on Form 3, Form 4, and Form 5, and other related filings, each of which is provided on our website as soon as reasonably practical after we electronically file such materials with or furnish them to the SEC. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including the Company.

ITEM 1A. RISK FACTORS

Not required for “smaller reporting companies” as defined in Item 10(f)(1) of Regulation S-K.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We continue to assess and improve the capabilities of our people, processes, and technologies in order to address our cybersecurity risks. We value the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to employees or customers and violation of data privacy or security law. Our cybersecurity risks, and the controls designed to mitigate those risks, are included as a part of our overall risk management governance which is reviewed at least annually by our board of directors.

Our IT networks and related systems are critical to the operations of our business and essential to our ability to successfully perform day-to-day operations. Risks from cybersecurity threats are regularly evaluated as a part of our broader risk management activities and as a component of our internal control system. Cybersecurity awareness, including specific topics related to social engineering and email fraud, are included in our employee handbook. We have processes and controls, in particular with respect to our financial and reporting technology, to prevent and minimize cybersecurity risks and attacks. We rely on industry-standard third-party software and vendors for our core systems, including data storage, analysis and backup.

Governance

Our board of directors is responsible for overseeing our cyber security risk management and strategy. Our AVP Logistics, Systems & IT is responsible for managing our outside technology services and has over 10 years of relevant experience. The AVP Logistics, Systems & IT reports directly to our Chief Financial Officer and reviews cybersecurity assessments with our Chief Financial Officer on a regular basis. Our Chief Financial Officer is responsible for escalating any cybersecurity matters as appropriate. The Audit Committee of our board of directors will regularly review cybersecurity requirements and risks on a quarterly basis.

While we believe we have implemented appropriate measures and controls for our business, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us. To date, to our knowledge, there have been no incidents materially affecting the Company, but a material incident could result in disruption of critical IT networks and systems, impeding our operations, release of confidential information, and/or corruption of data. Such an incident could damage our reputation, brands, future sales and could expose us to potential liability.

ITEM 2. PROPERTIES

As of December 31, 2024, our primary facility consists of approximately 6,000 square feet of leased office and warehouse space located in San Diego, California. The lease term is three years through May 31, 2025 with a total lease obligation of approximately $0.4 million.

In addition, we lease a small manufacturing and office space for our plant-based food products located in Poland. We entered into a new two year lease on October 1, 2024.

When we acquired Elevated Softgels in 2024, we had a lease in-place for manufacturing space in Grand Junction, Colorado with an expiration date of March 31, 2025. Subsequent to December 31, 2024, Elevated Softgels entered into a new lease for such manufacturing space. Please see Note 17, *Subsequent Events*, to our consolidated financial statements included in Part IV in this Annual Report for more information.

We believe that our existing facilities are sufficient to accommodate our current business operations.

ITEM 3. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, please see Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Part IV in this Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock is traded on the OTC:QB under the symbol “CVSI.” Trading of securities on the OTC:QB is often sporadic and investors may have difficulty buying and selling or obtaining market quotations. Any OTC:QB market quotations reflect inter-dealer quotations, without adjustment for retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

Holders of Common Stock

As of March 24, 2025, there were 41 registered holders of our common stock. The actual number of holders of our common stock is greater than the number of registered holders, and includes holders who are beneficial owners, but whose securities are held in "nominee" or "street name" by brokers or other nominees.

Dividend Policy

No cash dividends were paid on our common stock in the 2024 and 2023 fiscal years and the Board of Directors has not considered any change in this practice, nor does it expect to consider any such change in this practice in the foreseeable future.

The payment of cash dividends in the future, if ever, will be determined by our Board of Directors, in light of conditions then existing, including our earnings, financial requirements, and opportunities for reinvesting earnings, business conditions, and other factors. There are otherwise no restrictions on the payment of dividends.

Equity Compensation Plan Information

See Part III, Item 12. “Securities Ownership of Certain Owners and Management and Related Stockholder Matters” of this Annual Report for information regarding securities authorized for issuance under equity compensation plans.

Unregistered Sales of Equity Securities

The Company did not sell any unregistered equity securities during the period covered by this Annual Report that were not otherwise disclosed in a Current Report on Form 8-K or our Quarterly Reports on Form 10-Q.

Issuer Repurchases of Equity Securities

We did not repurchase any shares of our common stock during the fourth quarter of the fiscal year covered by this Annual Report.

ITEM 6. [RESERVED]

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

The following discussion of our consolidated financial condition and results of operations for the years ended December 31, 2024 and 2023 should be read in conjunction with our consolidated financial statements and the notes to those statements that are included elsewhere in this Annual Report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of various factors, many of which are out of our control. We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and similar expressions to identify forward-looking statements.

OVERVIEW

We are a consumer wellness company specializing in nutraceuticals and plant-based foods. Our hemp extracts and other proven, science-backed, natural ingredients and products are sold through a range of sales channels from B2B to B2C.

Our *+PlusCBD*™ branded products are sold at select retail locations throughout the U.S. and are the top-selling brands of hemp extracts in the natural products market, according to SPINS, the leading provider of syndicated data and insights for the natural, organic and specialty products industry. With a commitment to science, *+PlusCBD*™ product benefits in healthy people are supported by human clinical research data, in addition to three published clinical case studies available on PubMed.gov. *+PlusCBD*™ was the first hemp extract supplement brand to invest in the scientific evidence necessary to receive self-affirmed GRAS status.

On December 7, 2023, we entered into a Membership Interest Purchase Agreement, pursuant to which we purchased all of the outstanding equity interests in Cultured Foods Sp. z.o.o., resulting in Cultured Foods becoming a wholly owned subsidiary of the Company. Cultured Foods is a leading European manufacturer and distributor of plant-based protein products. In January 2025, we launched *Lunar Fox*™, a brand that is focused on distribution of plant-based products in the U.S. market. Our *Cultured Foods*™ and *Lunar Fox*™ brands provide a variety of 100% plant-based food products. Committed to crafting nutritious and flavorful alternatives, *Cultured Foods*™ and *Lunar Fox*™ cater to individuals seeking vegan, gluten-free, or flexitarian options for a nutritious and satisfying culinary experience.

In May 2024, we acquired all outstanding membership interests of Elevated Softgels, LLC, a Delaware limited liability company. Elevated Softgels is a leading manufacturer of encapsulated softgels and tinctures for the supplement and nutrition industry, based in Colorado.

In August 2024, we engaged Maxim Group, LLC as a non-exclusive financial advisor and investment banker to provide strategic financial advisory and investment banking services. Working with Maxim, the Company intends to continue building an efficient and cost effective consumer products platform. We intend to continue to evaluate inbound and outbound merger, sale, acquisition or other opportunities for the Company.

We also have a dormant drug development program focused on developing and commercializing CBD-based novel therapeutics, which may be pursued further, subject to available capital.

Our primary offices and facilities are located in San Diego, California; Grand Junction, Colorado; and Warsaw, Poland.

Our common stock is traded on the OTC:QB market under the trading symbol CVSI.

Results of Operations

Comparison of the Years ended December 31, 2024 vs. December 31, 2023

Revenues and gross profit

	Year ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Product sales, net	$ 15,705	$ 16,004	$ (299)	(1.9)%
Cost of goods sold	8,537	8,919	(382)	(4.3)%
Gross profit	$ 7,168	$ 7,085	$ 83	1.2%
Gross margin	45.6%	44.3%		

Revenue by channel

	Year ended December 31, 2024		Year Ended December 31, 2023	
	Amount	% of product sales, net	Amount	% of product sales, net
	(in thousands)		(in thousands)	
Business-to-business ("B2B") sales	$ 8,768	55.8%	$ 9,178	57.3%
Business-to-consumer ("B2C") sales	6,937	44.2%	6,826	42.7%
Product sales, net	$ 15,705	100.0%	$ 16,004	100.0%

We had product sales of $15.7 million and gross profit of $7.2 million, representing a gross margin of 45.6%, in 2024 compared to product sales of $16.0 million and gross profit of $7.1 million, representing a gross margin of 44.3%, in 2023. Our net product sales decreased by $0.3 million, or 1.9%, in 2024 when compared to 2023. The decline is primarily due to lower B2B sales in 2024. The total number of units sold during the year ended December 31, 2024 decreased by 9.2% compared to the year ended December 31, 2023, partially offset by higher sales prices of 5.7%. In addition, 28% of our net revenue for the year ended December 31, 2024 was from new products launched since January 1, 2023. During this time period, we launched 24 new products. B2C sales increased in 2024 compared to 2023, despite lower digital marketing advertisement. The overall market continues to be fragmented and highly competitive, which we believe is largely due to the lack of a clear regulatory framework and a patchwork of state regulation.

Cost of goods sold consists primarily of raw materials, packaging, manufacturing overhead (including payroll, employee benefits, stock-based compensation, facilities, depreciation, supplies and quality assurance costs), merchant card fees and shipping. We were able to reduce our cost of goods sold in 2024 compared to 2023 by $0.4 million or 4.3%. The reduction is partially due to the lower number of units sold in 2024. In addition, cost of goods sold in 2024 decreased as a percentage of revenue compared to 2023, mostly due to lower shipping and fulfillment cost, lower payroll, lower inventory losses and other production cost savings. Our gross profit improved by $0.1 million, or 1.2%, to $7.2 million in 2024 and gross margins improved from 44.3% in 2023 to 45.6% in 2024. The improvement in our gross margin is primarily due to reduced discounts, product and channel mix, lower shipping and fulfillment cost, lower payroll, lower inventory losses and other production cost savings.

Research and development expense

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Research and development expense	$ 118	$ 151	$ (33)	(21.9)%
Percentage of product sales, net	0.8%	0.9%		

Research and development (“R&D”) expense decreased to $0.1 million in 2024 compared to $0.2 million in 2023. The decrease is mostly related to reduced new product development activities for our consumer products.

Selling, general and administrative expense

	Year ended December 31, 2024		Year ended December 31, 2023		Change	
	Amount (in thousands)	% of product sales, net	Amount (in thousands)	% of product sales, net	Amount (in thousands)	%
Sales expense	$ 3,166	20.2 %	$ 3,065	19.2 %	$ 101	3.3 %
Marketing expense	2,088	13.3 %	2,940	18.4 %	(852)	(29.0)%
General and administrative expense	3,986	25.4 %	3,740	23.4 %	246	6.6 %
Selling, general and administrative expense	$ 9,240	58.8 %	$ 9,745	60.9 %	$ (505)	(5.2)%

Selling, general and administrative ("SG&A") expenses decreased by $0.5 million, or 5.2%, to $9.2 million in 2024, from $9.7 million in 2023. Additionally, SG&A expense as percentage of product sales, net decreased from 60.9% in 2023 to 58.8% in 2024.

- Sales expense increased by $0.1 million, or 3.3%, due to higher payroll and employee benefits, partially offset by lower stock-based compensation, commission and other sales related expenses. Payroll and related benefits increased as we reallocated certain of our employees from marketing to sales.
- Marketing expense decreased by $0.9 million, or 29.0%, due to reduced digital marketing activities as well as lower payroll, employee benefits, stock-based compensation, and outside services. Payroll decreased as we reallocated certain employees to sales.
- General and administrative ("G&A") expense increased by $0.2 million, or 6.6%, The increase is mostly due to additional legal and professional fees during the year ended December 31, 2024. The current year included professional fees of $0.8 million associated with the legal dispute with the Company's founder. For more information on the Company's legal proceedings, please refer to Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Part IV in this Annual Report. In addition, stock-based compensation and other G&A expenses increased slightly, partially offset by reduced insurance expense and intangible asset impairment charge of $0.3 million in 2023.

Benefit from reversal of accrued payroll taxes

We previously recorded a contingent liability for payroll taxes associated with the RSU release to our founder in 2019 of $6.7 million. On April 15, 2023, the statute of limitations for federal payroll tax withholding expired. In addition, the statute of limitations for the state tax withholding expired during the year ended December 31, 2023. As a result of the expiration of the relevant statutes of limitations, the Company believes that neither the IRS nor the State of California have the rights to assess and collect the $6.2 million of income taxes from CV Sciences and we made a change in accounting estimate and no longer expect to incur a loss with respect to this matter. As a result, we derecognized the contingent liability of $6.2 million during the year ended December 31, 2023. For more information, please see Note 12, *Related Parties*, to our consolidated financial statements included in Part IV in this Annual Report.

Other expenses, net

Other expense, net consists of interest expense, interest income and fair value adjustments to our financial instruments. Other expense decreased by $0.1 million compared to the year ended December 31, 2023. Other expenses, net included fair value increases for our financial instruments of $0.2 million during 2023 and interest expense for the amortization of the original issuance discount for the new Streeterville note payable of $0.2 million in 2024.

Non-GAAP Financial Measures

We use Adjusted EBITDA internally to evaluate our performance and make financial and operational decisions that are presented in a manner that adjusts from their equivalent generally accepted accounting principles ("GAAP")

measures or that supplement the information provided by our GAAP measures. Adjusted EBITDA is defined by us as EBITDA (net income (loss) plus depreciation and amortization expense, and interest expense, minus income tax benefit), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We use Adjusted EBITDA because we believe it helps to provide insights in trends in our business in addition to GAAP financial measures, since Adjusted EBITDA eliminates from our results specific financial items that have less bearing on our core operating performance.

We use Adjusted EBITDA in communicating certain aspects of our results and performance, including in this Annual Report, and believe that Adjusted EBITDA, when viewed in conjunction with our GAAP results and the accompanying reconciliation, can provide investors with additional understanding of factors affecting our financial condition and results of operations than GAAP measures alone. In addition, we believe the presentation of Adjusted EBITDA is useful to investors in making period-to-period comparison of results because the adjustments to GAAP are not reflective of our core business performance.

Adjusted EBITDA is not presented in accordance with, or as an alternative to, GAAP financial measures and may be different from non-GAAP measures used by other companies. We encourage investors to review the GAAP financial measures included in this Annual Report, including our consolidated financial statements, to aid in their analysis and understanding of our performance and in making comparisons.

A reconciliation from our net income (loss) to Adjusted EBITDA, a non-GAAP measure, for the years ended December 31, 2024 and 2023 is detailed below:

	Year ended December 31,	
	2024	2023
	(in thousands)	
Net income (loss)	$ (2,394)	$ 3,102
Depreciation expense	313	235
Amortization expense	21	—
Interest expense	212	60
Income tax benefit	(8)	(6)
EBITDA	(1,856)	3,391
Stock-based compensation (1)	258	218
Professional fees associated with legal dispute (2)	828	—
Intangible asset impairment (3)	—	251
Benefit for reversal of accrued payroll tax (4)	—	(6,171)
Adjusted EBITDA	$ (770)	$ (2,311)

(1) Represents stock-based compensation expense related to stock options awarded to employees, consultants and non-executive directors based on the grant date fair value using the Black-Scholes valuation model. For more information, please see Note 10, *Stock-Based Compensation*, to our consolidated financial statements included in Part IV in this Annual Report.

(2) Represents legal and other professional expenses incurred during 2024 associated with the legal dispute with founder. For more information on the Company's legal proceedings, please see Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Part IV in this Annual Report.

(3) Represents intangible asset impairment charge during 2023. For more information, please see Note 6, *Goodwill and Intangible Assets*, to our consolidated financial statements included in Part IV in this Annual Report.

(4) Represents benefit for reversal of accrued payroll tax associated with the RSU release to founder in 2019. For more information, please see Note 12, *Related Party*, to our consolidated financial statements included in Part IV in this Annual Report.

Liquidity and Capital Resources

During the year ended December 31, 2024, our primary sources of capital came from (i) cash generated from our operations, (ii) existing cash, (iii) proceeds from note payable financings, and (iv) funds received from the IRS related

to employee retention credits during the year ended December 31, 2023. As of December 31, 2024, we had approximately $0.5 million of cash and working capital of approximately $0.1 million.

For the year ended December 31, 2024, we generated negative cash flows from operations of $0.9 million, and we had an accumulated deficit of $87.0 million as of December 31, 2024. Excluding the funds for employee retention tax credits, we generated negative cash flows from operations of $0.5 million for the year ended December 31, 2023. In February 2025, the Company entered into a securities purchase agreement with an institutional investor (the "Investor"), pursuant to which the Company issued and sold to the Investor a secured promissory note and received net proceeds of $1,200,000 - please see Note 17, *Subsequent Events*, to our consolidated financial statements included in Part IV in this Annual Report for more information. Management anticipates that we will be dependent, for the near future, on additional investment capital to fund operations, growth initiatives, and will continue to make and implement strategic cost reductions, including reductions in employee headcount, vendor spending, and delaying expenses related to its drug development activities. We intend to position ourselves so that we will be able to raise additional funds through the capital markets, issuance of debt, and/or securing lines of credit.

We believe that a combination of factors have adversely impacted our business operations for the year ended December 31, 2024. Due to a low barrier entry market with a lack of a clear regulatory framework, we face intense competition from both licensed and illicit market operators that may also sell herbal supplements and hemp-based CBD consumer products. Because we operate in a market that is rapidly evolving and expanding globally, our customers may choose to obtain CBD products from our competitors, and our success depends on our ability to attract and retain our customers from purchasing CBD products elsewhere. To remain competitive, we intend to continue to innovate new products, build brand awareness, and make significant investments in our business strategy by introducing new products into the markets in which we operate, adopt quality assurance protocols and procedures, build our market presence, and undertake further research and development. In addition, we intend to evaluate and pursue additional acquisitions to further diversify our product offerings.

Management implemented, and continues to make and implement, strategic cost reductions, including reductions in employee headcount, vendor spending, and the delaying of certain expenses related to our drug development activities. To the extent that we feel it is necessary and in the best interest of the Company and our shareholders, we may also take further actions that alter our operations in order to ensure the success of our business.

Elevated Softgels Acquisition

On May 8, 2024, the Company entered into a Membership Interest Purchase Agreement (the "Softgels Purchase Agreement"), by and among the Company, Elevated Softgels, LLC, a Delaware limited liability company ("Elevated Softgels"), Clayton J. Montgomery (the "Softgels Member"), Chris Fagan, Andrew Kester, and Timothy McGreer, pursuant to which the Company purchased all of the outstanding equity interests in Elevated Softgels, resulting in Elevated Softgels becoming a wholly owned subsidiary of the Company (the "Softgels Acquisition"). Elevated Softgels is a leading manufacturer of softgels. The Elevated Softgels Acquisition closed on May 13, 2024.

In consideration for the Softgels Acquisition, at closing, the Company (i) made a cash payment of $100,000 to the Softgels Member, less certain transaction expenses and certain other adjustments provided for in the Softgels Purchase Agreement (the "Softgels Closing Payment"), (ii) issued an aggregate of 15,854,185 restricted shares of Company common stock to the Softgels Member valued at $637,000, and (iii) issued an aggregate of 1,567,996 restricted shares of Company common stock to the selling broker of Elevated Softgels valued at $63,000. The Company common stock was valued based on the thirty-day volume weighted average price of the Company's common stock on the thirty trading days prior to the date of the Softgels Purchase Agreement (the "Softgels Closing Shares," and together with the Softgels Closing Payment, the "Softgels Closing Consideration"). The Softgels Closing Payment is subject to adjustment, upward or downward, based on post-closing adjustments to the net working capital of Elevated Softgels within 120 days of closing, as reflected in the Final Working Capital Statement (as defined in the Softgels Purchase Agreement). Additionally, within 90 days following the final determination of the Final Working Capital Statement (the "Softgels Receivables Date"), the Company shall be entitled to recover from the Softgels Member an amount equal to the unpaid balance, as of the Softgels Receivables Date, of all accounts receivable which were included in as assets in the Final Working Capital Statement. The closing working capital has been settled and the Company received a payment of $30,000 from the Softgels Member.

In addition to the Softgels Closing Consideration, the Company has agreed to issue additional consideration for the Softgels Acquisition, in the form of an earn-out (the "Softgels Earnout Amount"), which shall be based on Elevated

Softgels' Net Revenue (as defined in the Softgels Purchase Agreement) generated during the 12-month period following the closing date and will be calculated as follows:

- If the Elevated Softgels' Net Revenue is at least $700,000, then the Softgels Earnout Amount will be $200,000.
- If the Elevated Softgels' Net Revenue is at least $650,000 but less than $700,000, then the Softgels Earnout Amount will be $125,000.
- If the Elevated Softgels' Net Revenue is at least $600,000 but less than $650,000, then the Softgels Earnout Amount will be $50,000.
- If the Elevated Softgels' Net Revenue is at least $550,000 but less than $600,000, then the Softgels Earnout Amount will be $25,000.
- If the Elevated Softgels' Net Revenue is less than $550,000, then the Softgels Earnout Amount will be $0.

The Softgels Earnout Payment shall be paid within 10 business days after the final determination of the Company's Net Revenue for the 12-month period following the closing date, as determined in accordance with the Softgels Purchase Agreement. 50% of the Softgels Earnout Amount shall be paid in cash and 50% of the Softgels Earnout Amount shall be in the form of restricted common stock of the Company, with the number of shares determined based upon the thirty-day volume weighted average price of the Company's common stock as of the 12-month anniversary of the closing date. Net revenues of Elevated Softgels are currently expected to be insufficient to trigger any earn-out payments.

Pursuant to the Softgels Purchase Agreement, the recipients of the Company's common stock agreed that they will not, on any single trading day sell, transfer or otherwise dispose of any Company common stock, including the Softgels Closing Shares, in an aggregate amount exceeding the greater of (i) 15% of the of the Company's common stock sold in the aggregate based on the greater of the current or proceeding trading day, and (ii) $3,000 in gross value; provided, however, that in the event that the Company enters into a leak-out agreement with any third party on terms more favorable than the foregoing, the Softgels Member shall be afforded the same more favorable terms offered to such third party.

Additionally, for a period of one year following the closing date, Mr. Montgomery and Mr. Fagan shall be prohibited from engaging in certain competitive and/or solicitation activities within the United States, as more particularly set forth in the Softgels Purchase Agreement.

July 2024 Streeterville Note

On July 3, 2024, we entered into a Note Purchase Agreement (the "Note Purchase Agreement") with Streeterville Capital, LLC, a Utah limited liability company ("Streeterville"), pursuant to which we issued and sold to Streeterville a Secured Promissory Note in the original principal amount of $1,188,500 (the "Note"). The Note carried an original issuance discount of $283,500 and we agreed to pay $5,000 to Streeterville to cover legal fees, each of which were deducted from the proceeds of the Note received by us, which resulted in a purchase price received by us of $900,000 (the "Purchase Price").

The unpaid amount of the Note, any interest, fees, charges and late fees accrued was due and payable in twelve months from July 3, 2024 (the "Maturity Date"). We were required to make weekly repayments to Streeterville of $22,856. We were permitted able to pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event we would have repaid the Note in full on or before December 31, 2024, we would have received a $75,000 discount from the outstanding balance. The Note was secured by all of our assets pursuant to a Security Agreement entered into with Streeterville on July 3, 2024. No interest was to accrue on the Note unless and until an occurrence of an Event of Default.

Subsequent to December 31, 2024, the Company repaid the entire amount due under the Note and all obligations thereunder were cancelled and terminated. For more information, please see Note 8, *Debt*, to our consolidated financial statements included in Part IV in this Annual Report.

2025 Secured Promissory Note

In February 2025, the Company entered into a securities purchase agreement with an institutional investor (the "Investor"), pursuant to which the Company issued and sold to the Investor a secured promissory note in the original principal amount of $1,600,000 (the "2025 Note"). The 2025 Note carries an original issuance discount of $400,000 and the Company agreed to pay $10,000 to the Investor to cover legal fees. The original issuance discount was deducted from the proceeds of the 2025 Note received by the Company which resulted in a purchase price received by the Company of $1,200,000.

The 2025 Note is due and payable on August 12, 2026 and the Company is required to make monthly repayments to the Investor of $106,667 starting on June 12, 2025. The Company can pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event the Company repays the 2025 Note in full on or before August 12, 2025, the Company will receive a $100,000 discount from the outstanding balance. The 2025 Note is secured by all of the Company's assets and the assets of its subsidiaries pursuant to a security agreement and intellectual property security agreement entered into with the Investor on February 12, 2025. The Company's obligation under the 2025 Note are guaranteed by each of the Company's subsidiaries. No interest will accrue on the 2025 Note unless and until an occurrence of an event of default, as defined in the 2025 Note.

First Insurance Funding Agreements

In October 2024, we entered into a new finance agreement with First Insurance Funding in order to fund a portion of our insurance policies for the current policy year. The amount financed is $0.2 million, which incurs interest at an annual rate of 8.42%. We are required to make monthly payments of $20,396 from November 2024 through July 2025. The outstanding balance as of December 31, 2024 was $0.1 million.

In November 2023, we entered into a finance agreement with First Insurance Funding in order to fund a portion of our insurance policies. The amount financed was $0.3 million, which incurred interest at an annual rate of 8.42%. We were required to make monthly payments of $29,781 from November 2023 through July 2024. There was no outstanding balance as of December 31, 2024.

Accrued Payroll Taxes

The Company previously recorded accrued payroll taxes associated with the RSU release to Michael Mona Jr. ("Mona") in 2019. On April 15, 2023, the statute of limitations for federal payroll tax withholding expired. In addition, the statute of limitations for the state tax withholding expired during the year ended December 31, 2023. As a result of the expiration of the relevant statutes of limitations, the Company believes that neither the IRS nor the State of California have the rights to assess and collect the $6.2 million of income taxes from CV Sciences and we have made a change in accounting estimate and no longer expect to incur a loss with respect to this matter. As a result, we derecognized the accrued payroll taxes of $6.2 million during the year ended December 31, 2023. For more information, please see Note 12, *Related Parties*, to our consolidated financial statements included in Part IV in this Annual Report.

Going Concern

U.S. GAAP requires management to assess a company's ability to continue as a going concern within one year from the financial statement issuance and to provide related note disclosure in certain circumstances. Our consolidated financial statements and corresponding notes have been prepared assuming the Company will continue as a going concern. For the year ended December 31, 2024, we generated negative cash flows from operations of $0.9 million, and we had an accumulated deficit of $87.0 million as of December 31, 2024. Excluding the funds for employee retention tax credits, we generated negative cash flows from operations of $0.5 million for the year ended December 31, 2023. Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund our operations and growth initiatives. The Company intends to position itself so that it will be able to raise additional funds through the capital markets, issuance of debt, and/or securing lines of credit in order to continue its operations. However, there can be no assurances that additional working capital will be available to us on favorable terms, or at all, which would be likely to have a material adverse effect on the Company's ability to continue its operations.

The Company's financial operating results and accumulated deficit, besides other factors, raise substantial doubt about the Company's ability to continue as a going concern. The Company will continue to work towards increasing revenue and operating cash flows to meet its future liquidity requirements. However, there can be no assurance that the Company will be successful in generating positive cash flows from operations or any capital-raising efforts that it may

undertake, and the failure of the Company to generate positive cash flows or raise additional capital could adversely affect its future operations and viability.

A summary of our changes in cash flows for the years ended December 31, 2024 and 2023 is provided below:

	Year ended December 31,	
	2024	2023
	(in thousands)	
Net cash flows provided by (used in):		
Operating activities	$ (861)	$ 2,253
Investing activities	(28)	(156)
Financing activities	32	(1,391)
Effect of exchange rate changes on cash	(6)	—
Net increase (decrease) in cash	(863)	706
Cash, beginning of year	1,317	611
Cash, end of year	$ 454	$ 1,317

Operating Activities

Net cash provided by (used in) operating activities includes net income (loss) adjusted for non-cash items such as depreciation, amortization, bad debt expense, stock-based compensation, benefit of reversal of payroll tax liability and amortization of debt discount related to our promissory notes. Operating assets and liabilities primarily include balances related to funding of inventory purchases and customer accounts receivable. Operating assets and liabilities that arise from the funding of inventory purchases and customer accounts receivable can fluctuate significantly from day to day and period to period depending on the timing of inventory purchases and customer payment behavior.

Cash used by operating activities was $0.9 million in the year ended December 31, 2024, compared to cash provided by operating activities of $2.3 million in the year ended December 31, 2023. The year over year decrease in our cash flow from operating activities by $3.2 million was mostly due to the receipt of Employee Retention Credit (“ERC”) funds of $2.5 million in the prior year and the fact that we did not receive similar funds in 2024. Our net loss for the year ended December 31, 2024, adjusted for non-cash items, resulted in a net loss of $1.3 million, compared to a net loss, adjusted for non-cash items, of $1.7 million in the prior year, an improvement of $0.4 million. Changes in working capital generated $0.5 million during the year of 2024, compared to $4.0 million during the prior year, a decrease of $3.5 million. Our changes in working capital decreased primarily due to the receipt of ERC funds during 2023. Our net income (loss) declined by $5.5 million from a net income of $3.1 million in 2023 to a net loss of $2.4 million in 2024, mostly due to the benefit for the reversal of accrued payroll taxes of $6.2 million in 2023 and our improved operating performance. Non-cash adjustments decreased by $5.9 million, as we recognized a benefit for the reversal of accrued payroll tax of $6.2 million related to the RSUs previously issued to Mona. Recurring non-cash adjustments consists of depreciation, amortization, interest expense and stock-based compensation.

Investing Activities

Cash used in investing activities was $28,000 in the year ended December 31, 2024 related to our acquisition of Elevated Softgels of $10,000 in May 2024 and the purchase of additional manufacturing equipment for Elevated Softgels of $18,000. Cash used in investing activities of $0.2 million in the year ended December 31, 2023 related to our acquisition of Cultured Foods in December 2023.

Financing Activities

Net cash provided by financing activities was $32,000 for 2024 compared to cash used in financing activities of $1.4 million for 2023. Our financing activities for 2024 consisted of proceeds from our note payable financing with Streeterville of $0.9 million, offset by repayments of our insurance financing of $0.2 million, the Streeterville note payable of $0.5 million and the notes payable that we assumed in connection with the Cultured Foods acquisition of $0.1 million. Our financing activities for 2023 consisted of repayments of the Streeterville note payable of $1.1 million and our insurance financing of $0.3 million.

Inflation

We have not been affected materially by inflation during the periods presented. However, rising inflation may adversely impact our business and corresponding financial position and cash flow.

Known Trends or Uncertainties

There can be no assurance that the Company's business and corresponding financial performance will not be adversely affected by general economic or consumer trends, which may have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, inflation has risen, Federal Reserve interest rates remain high after increases during 2023, which may also materially adversely our business and corresponding financial position and cash flows.

Furthermore, such economic conditions have produced downward pressure on share prices and on the availability of credit for financial institutions and corporations. If current levels of market disruption and volatility continue, the Company might experience reductions in business activity, increased funding costs and funding pressures, as applicable, a decrease in the market price of our common stock, a decrease in asset values, additional write-downs and impairment charges and lower profitability. Additionally, it is possible that U.S. policy changes and uncertainty about such changes could increase market volatility.

We have seen some consolidation in our industry during economic downturns. These consolidations have not had a negative effect on our total sales; however, should consolidations and downsizing in the industry continue to occur, those events could adversely impact our revenues and earnings going forward.

Several states have adopted new regulations that will impact the Company's ability to sell certain products as currently formulated or packaged in these states. Many of these states have also implemented new THC/CBD limits, age verification, testing, labeling and packaging requirements. The Company continues to assess the business and financial impact of the new regulations, including steps that can be taken to address the new product formulation and labeling requirements, as well as costs and potential revenue impacts and anticipated timing for such impacts to the Company in these states.

Contractual Obligations

In April 2022, we entered into a lease agreement for our main office facility in San Diego, California. The lease term is three years through May 31, 2025. Our monthly base rent is $11,742 through April 30, 2025 and then increases to $12,153 for the period from May 1, 2025 to May 31, 2025.

In October 2024, we entered into a new lease agreement for our manufacturing facility in Poland. The facility is approximately 2,400 square feet and located outside of Warsaw, Poland. The lease term is for two years and expires on September 30, 2026. Our monthly base rent was $1,963 through December 31, 2024 and increased to $2,208 for the period from January 1, 2025 to September 30, 2026.

On May 13, 2024, we entered into the Softgels Purchase Agreement. For more information, please see the discussion above under - Liquidity and Capital Resources - *Elevated Softgels Acquisition*.

Subsequent to December 31, 2024, we entered into a new lease agreement for our Elevated Softgels business. For more information, please see Note 17, *Subsequent Events*, to our consolidated financial statements included in Part IV in this Annual Report.

We enter into contracts in the normal course of business with vendors and customers for product manufacturing, logistics, shipping, marketing, professional services and other services as part of our operations. These contracts generally provide for termination on notice, and therefore are cancelable contracts and not included as contractual commitments.

Critical Accounting Policies

The preparation of these consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of

revenues and expenses during the reporting periods. On an ongoing basis management evaluates its critical accounting policies and estimates.

A “critical accounting policy” is one which is both important to the understanding of the financial condition and results of operations of the Company and requires management’s most difficult, subjective, or complex judgments, and often requires management to make estimates about the effect of matters that are inherently uncertain. Management believes the following accounting policies fit this definition:

Goodwill and Intangible Assets **–** We evaluate the carrying value of goodwill and intangible assets annually during the fourth quarter in accordance with Accounting Standards Codification (“ASC”) Topic 350, Intangibles Goodwill and Other, and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator.

Goodwill is evaluated for impairment by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. If it is determined, based on qualitative factors, that the fair value of the reporting unit may more likely than not be less than carrying amount, or if significant adverse changes in our future financial performance occur that could materially impact fair value, a quantitative goodwill impairment test would be required. Additionally, we can elect to forgo the qualitative assessment and perform the quantitative test. If the qualitative assessment indicates that the quantitative analysis should be performed, or if management elects to bypass a qualitative assessment, we then evaluate goodwill for impairment by comparing the fair value of the reporting unit to its carrying amount, including goodwill. The quantitative assessment for goodwill requires us to estimate the fair value of our reporting units using either an income or market approach or a combination thereof.

Management makes critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, probability of success, market competition, inflation and discount rates.

During the fourth quarter of 2024 and 2023, we performed our annual goodwill impairment test and determined, after performing a qualitative test of our reporting unit, that it is more likely than not that the fair value of the exceeded its carrying amount. As a result of our goodwill impairment test, we did not record a goodwill impairment charge for the years ended December 31, 2024 and 2023.

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, our long-term strategy for using the asset, any laws or regulations which could impact the useful life of the asset and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives to their estimated residual values, generally five years.

In-process research & development ("IPR&D") has an indefinite life and is not amortized until completion and development of the project, at which time the IPR&D becomes an amortizable asset. Until such time as the projects are either completed or abandoned, we test those assets for impairment at least annually at year end, or more frequently at interim periods, by evaluating qualitative factors which could be indicative of impairment. Qualitative factors being considered include, but are not limited to, macro-economic conditions, progress on drug development activities, and overall financial performance. If impairment indicators are present as a result of our qualitative assessment, we will test those assets for impairment by comparing the fair value of the assets to their carrying value. Quantitative factors being considered include, but are not limited to, the current project status, forecasted changes in the timing or amounts required to complete the project, forecasted changes in timing or changes in the future cash flows to be generated by the completed products, a probability of success of the ultimate project and changes to other market-based assumptions, such as discount rates, current Company market capitalization and estimates of the fair value of the Company's reporting units. Upon completion or abandonment, the value of the IPR&D assets will be amortized to

expense over the anticipated useful life of the developed products, if completed, or charged to expense when abandoned if no alternative future use exists.

As a result of our intangible asset impairment test, we recorded an intangible asset impairment charge of $0.3 million for the year ended December 31, 2023. We did not record any impairment charge for the year ended December 31, 2024.

Revenue Recognition – The majority of our revenue contracts represent a single performance obligation related to the fulfillment of customer orders for the purchase of our products, which is primarily related to our *Plus CBD*™ line of products. Net sales reflect the transaction prices for these contracts based on our selling list price, which is then reduced by estimated costs for trade promotional programs, consumer incentives, and allowances and discounts used to incentivize sales growth and build brand awareness. We recognize revenue at the point in time that control of the ordered product is transferred to the customer, which is typically upon shipment to the customer or other customer-designated delivery point. We accrue for estimated sales returns by customers based on historical sales return results. The computation of the sales return and discount allowances require that management makes certain estimates and assumptions that affect the timing and amounts of revenue and liabilities recorded. Shipping and handling fees charged to customers are included in product sales and were not material for each of the years ended December 31, 2024 and 2023. Taxes collected from customers that are remitted to governmental agencies are accounted for on a net basis and not included as revenue.

Stock-Based Compensation – Certain employees, officers, directors, and consultants participate in our 2023 Equity Incentive Plan, which was adopted in June 2023, and prior to the adoption, participated in our Amended and Restated 2013 Equity Incentive Plan, as amended, which provide for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. Stock options generally vest in equal increments over a two- to four-year period and expire on the tenth anniversary following the date of grant. Performance-based stock options vest once the applicable performance condition is satisfied.

The risk-free interest rates are based on the implied yield available on U.S. Treasury constant maturities with remaining terms equivalent to the respective expected terms of the options. Expected volatility is based on the historical volatility of our common stock. We estimate the expected term for stock options awarded to employees, officers and directors using the simplified method in accordance with Accounting Standards Codification ("ASC") Topic 718, Stock Compensation, because we do not have sufficient relevant historical information to develop reasonable expectations about future exercise patterns. In the future, as we gain historical data for the actual term over which stock options are held, the expected term may change, which could substantially change the grant-date fair value of future stock option awards, and, consequently, compensation of future grants.

We recognize stock-based compensation as compensation and benefits expense in the consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant. The fair value of restricted stock awards is equal to the closing price of our stock on the date of grant. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period. For performance-based stock options, compensation is recognized once the applicable performance condition is probable of being satisfied.

Recent Accounting Pronouncements

Refer to Note 2 of our consolidated financial statements for a discussion of recent accounting standards and pronouncements.

Off-Balance Sheet Arrangements

None.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for “smaller reporting companies” as defined in Item 10(f)(1) of Regulation S-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are set forth at the pages indicated in Part IV, Item 15(a)(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

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. Our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of December 31, 2024 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

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 Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the dispositions of our assets; (2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness for future periods are subject to the risk 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 of and with the participation of our management, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2024, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fiscal quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

This Annual Report does not include an attestation report of our independent registered public accounting firm on the Company's internal controls as the Company is a non-accelerated filer and is thus not required to provide such a report.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information required by this item will be contained in our definitive proxy statement to be filed with the Securities and Exchange Commission in connection with our 2025 Annual Meeting of Stockholders, or the "Definitive Proxy Statement," which is expected to be filed not later than 120 days after the end of our fiscal year ended December 31, 2024 and is incorporated herein by reference.

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors since we last described such procedures.

The Company has a Code of Ethics which is posted on our website at: www.cvsciences.com.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item will be contained in our Definitive Proxy Statement, which is expected to be filed not later than 120 days after the end of our fiscal year ended December 31, 2024 and is incorporated herein by reference.

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

Information required by this item will be contained in our Definitive Proxy Statement, which is expected to be filed not later than 120 days after the end of our fiscal year ended December 31, 2024 and is incorporated herein by reference.

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

Information required by this item will be contained in our Definitive Proxy Statement, which is expected to be filed not later than 120 days after the end of our fiscal year ended December 31, 2024 and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item will be contained in our Definitive Proxy Statement, which is expected to be filed not later than 120 days after the end of our fiscal year ended December 31, 2024 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

   The following financial statements of the Company are submitted herewith:

   Report of Independent Registered Public Accounting Firm

   Consolidated Balance Sheets as of December 31, 2024 and 2023

   Consolidated Statements of Operations for the years ended December 31, 2024 and 2023

   Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2024 and 2023

   Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024 and 2023

   Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023

   Notes to Consolidated Financial Statements

2. Financial Statement Schedules

   Schedules are not submitted because they are not applicable or not required under Regulation S-X or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits required to be filed by Item 601 of Regulations S-K

   A list of exhibits is set forth on the Exhibit Index as included in this Annual Report on Form 10-K and are incorporated herein by reference.

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of July 25, 2013, by and between CannaVest Corp., a Texas corporation, and CannaVest Corp., a Delaware corporation.	10-Q	000-54677	2.1	August 13, 2013	
2.2	Agreement and Plan of Reorganization by and among CannaVEST Corp., CANNAVEST Merger Sub, Inc., CANNAVEST Acquisition LLC, CanX, Inc., and The Starwood Trust, as the Shareholder Representative	8-K	000-54677	2.1	January 4, 2016	
2.3	Amendment No. 1 to the Agreement and Plan of Reorganization, dated as of March 16, 2017, by and among the Company, CANNAVEST Acquisition LLC, and the Starwood Trust, as the Shareholder Representative	10-Q	000-54677	10.4	May 9, 2017	
2.4	Membership Interest Purchase Agreement, dated December 7, 2023, by and among the Company, Cultured Foods Sp. z.o.o., Brian McWhorter and Barbara McWhorter	10-K	000-54677	2.4	March 29, 2024	
2.5	Membership Interest Purchase Agreement, dated May 8, 2024, by and among the Company, Elevated Softgels LLC, Clayton J. Montgomery, Chirs Fagan, Andrew Kester and Timothy McGreer	10-Q	000-54677	2.1	May 15, 2024	
2.6	Stock Purchase Agreement by and among the Company, Extract Labs Inc., Craig Henderson and Higher Love Wellness Company, LLC, dated November 15, 2024					X
2.7	Amendment No. 1 to Stock Purchase Agreement					X
3.1	Certificate of Incorporation of CannaVest Corp., as filed on July 26, 2013.	10-Q	000-54677	3.1	August 13, 2013	
3.2	Bylaws of CannaVest Corp., dated as of June 26, 2013.	10-Q	000-54677	3.2	August 13, 2013	
3.3	Certificate of Amendment to Certificate of Incorporation of CannaVest Corp., as filed on January 4, 2016	10-K	000-54677	3.3	April 14, 2016	
3.4	Certificate of Incorporation of the Company, as amended.	10-Q	000-54677	3.4	May 16, 2016	
3.5	Amendment to the Bylaws of the Company, as amended.	8-K	000-54677	3.1	March 22, 2017	
3.6	Bylaws of the Company, as amended.	10-Q	000-54677	3.6	May 9, 2017	

Exhibit No.	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.7	Amendment to the Bylaws of the Company, as amended.	8-K	000-54677	3.1	June 14, 2021	
3.8	Certificate of Designation of Preference, Rights and Limitations of Convertible Preferred Stock.	8-K	000-54677	3.1	April 1, 2022	
3.9	Certificate of Amendment to Certificate of Incorporation of CV Sciences, Inc., as filed on June 6, 2022	10-Q	000-54677	3.9	August 15, 2022	
4.1	CannaVest Corp. Specimen Stock Certificate	8-K	000-54677	4.1	July 31, 2013	
4.2	Description of Registrant's Securities.	10-K	000-54677	4.2	April 4, 2022	
4.3	Form of Warrant, dated March 30, 2022	8-K	000-54677	4.1	April 1, 2022	
4.4	Form of Placement Agent Warrant, dated March 30, 2022	8-K	000-54677	4.2	April 1, 2022	
10.1 †	2013 Equity Incentive Plan Form of Stock Option Grant Notice and Form of Stock Option Agreement.	S-8	333-199173	4.2	October 6, 2014	
10.2 †	Amended and Restated 2013 Equity Incentive Plan, as amended.	8-K	000-54677	10.1	June 17, 2019	
10.3 †	Employment Agreement, dated July 6, 2016, by and between the Company and Michael J. Mona, Jr.	10-Q	000-54677	10.1	November 1, 2016	
10.4 †	Non-Qualified Stock Option Agreement, by and between the Company and Michael J. Mona, Jr., dated July 6, 2016.	10-Q	000-54677	10.4	November 1, 2016	
10.5 †	Amendment to Employment Agreement, dated March 16, 2017, by and between the Company and Michael Mona, Jr.	10-Q	000-54677	10.5	May 9, 2017	
10.6 †	Amendment to Employment Agreement, dated March 16, 2017, by and between the Company and Michael Mona III	10-Q	000-54677	10.6	May 9, 2017	
10.7 †	Amendment to Stock Option Agreement, dated March 16, 2017, to that certain Non-Qualified Stock Option Agreement, dated July 6, 2016, by and between the Company and Michael Mona, Jr.	10-Q	000-54677	10.7	May 9,2017	
10.8 †	Non-Qualified Stock Option Agreement, dated March 15, 2017, by and between the Company and Michael Mona, Jr.	10-Q	000-54677	10.10	May 9, 2017	
10.9 †	Employment Agreement, dated June 8, 2018, by and between the Company and Mr. Mona, Jr.	10-Q	000-54677	10.1	August 1, 2018	

Exhibit No.	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.10 †	Restricted Stock Unit Award Agreement, dated June 8, 2018, by and between the Company and Mr. Michael Mona, Jr.	10-Q	000-54677	10.2	August 1, 2018	
10.11 †	Employment Agreement, dated June 23, 2021, by and between the Company and Mr. Joseph Dowling	8-K	000-54677	10.1	June 29, 2021	
10.12 †	Employment Agreement, dated December 17, 2021, by and between the Company and Mr. Joerg Grasser.	8-K	000-54677	10.1	December 21, 2021	
10.14 †	Amendment to amended and restated Equity Incentive Plan, as amended, dated March 30, 2022.	10-K	000-54677	10.40	April 4, 2022	
10.15 †	Amendment No. 1 to Executive Employment Agreement, dated January 5, 2023, by and between the Company and Mr. Joseph Dowling	10-K	000-54677	10.45	March 30, 2023	
10.16 †	Amendment No. 1 to Executive Employment Agreement, dated January 5, 2023, by and between the Company and Mr. Joerg Grasser	10-K	000-54577	10.46	March 30, 2023	
10.17 †	CV Sciences, Inc. 2023 Equity Incentive Plan	8-K	000-54577	10.1	June 5, 2023	
10.18 †	Form of Stock Option Grant Notice and Form of Stock Option Agreement	10-Q	000-54577	10.4	August 14, 2023	
10.19	Note Purchase Agreement between the Company and Streeterville Capital, LLC dated July 3, 2024	8-K	000-54577	10.1	July 9, 2024	
10.20	Secured Promissory Note issued to Streeterville Capital, LLC dated July 3, 2024	8-K	000-54577	10.2	July 9, 2024	
10.21	Security Agreement between the Company and Streeterville Capital, LLC dated July 3, 2024	8-K	000-54577	10.3	July 9, 2024	
10.22	Securities Purchase Agreement dated February 12, 2025	8-K	000-54577	10.1	February 20, 2025	
10.23	Senior Secured Note Due August 12, 2026	8-K	000-54577	10.2	February 20, 2025	
10.24	Security Agreement dated February 12, 2025	8-K	000-54577	10.3	February 20, 2025	
10.25	Intellectual Property Security Agreement dated February 12, 2025	8-K	000-54577	10.4	February 20, 2025	
19.1	Insider Trading Policy					X
21.1	Subsidiaries					X

Exhibit No.	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
23.1	Consent of Haskell & White LLP, Independent Registered Public Accounting Firm.					X
31.1*	Certification of the Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.					X
31.2*	Certification of the Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C.Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C.Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101 INS*	Inline XBRL Instance Document**					X
101 SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents**					X
104**	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 attachments)					X

* Filed herewith.

† Indicates a management contract or compensatory plan or arrangement.

** The XBRL related information in Exhibit 101 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

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.

CV Sciences, Inc.
(Registrant)

By /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Executive Officer
Dated March 27, 2025

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.

Signature	Title	Date
/s/ Joseph D. Dowling Joseph D. Dowling	Chief Executive Officer and Director (Principal Executive Officer)	March 27, 2025
/s/ Joerg Grasser Joerg Grasser	Chief Financial Officer (Principal Financial and Accounting Officer)	March 27, 2025
/s/ Jamie Corroon Jamie Corroon	Director	March 27, 2025
/s/ Bill McCorkle Bill McCorkle	Director	March 27, 2025

CV Sciences, Inc.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
CV Sciences, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CV Sciences, Inc. (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and the consolidated results of its operations and its cash flows for each of the years then ended, in conformity with U.S. generally accepted accounting principles.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the consolidated financial statements, the Company has experienced recurring operating losses, negative cash flows from operations, and has limited liquid resources. These matters 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 consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (CONTINUED)

Critical Audit Matter

Critical audit matters are matters arising from the current period audit of the consolidated 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 consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Haskell & White LLP
HASKELL & WHITE LLP

We have served as the Company's auditor since 2021.

Irvine, California
March 27, 2025

CV SCIENCES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	As of December 31,	
	2024	2023
Assets		
Current assets:		
Cash	$ 454	$ 1,317
Accounts receivable, net	522	431
Inventory	4,897	5,655
Prepaid expenses and other	370	535
Total current assets	6,243	7,938
Property and equipment, net	399	379
Right of use assets	94	167
Intangibles, net	93	78
Goodwill	971	342
Other assets	127	296
Total assets	$ 7,927	$ 9,200
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,925	$ 2,309
Accrued expenses	3,424	3,422
Operating lease liability - current	83	130
Debt, net of debt discounts	677	254
Total current liabilities	6,109	6,115
Operating lease liability - net of current portion	19	58
Deferred tax liability	4	19
Other liabilities	—	105
Total liabilities	6,132	6,297
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, par value $0.0001; 10,000 shares authorized; 1 shares issued as of December 31, 2024 and 2023; no shares outstanding as of December 31, 2024 and 2023	—	—
Common stock, par value $0.0001; 790,000 shares authorized; 184,264 and 161,678 shares issued and outstanding as of December 31, 2024 and 2023, respectively	18	16
Additional paid-in capital	88,773	87,464
Accumulated deficit	(86,981)	(84,587)
Accumulated other comprehensive income (loss)	(15)	10
Total stockholders' equity	1,795	2,903
Total liabilities and stockholders' equity	$ 7,927	$ 9,200

The accompanying notes are an integral part of these statements.

See Report of Independent Registered Public Accounting Firm.

CV SCIENCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	For the Years Ended December 31,	
	2024	2023
Product sales, net	$ 15,705	$ 16,004
Cost of goods sold	8,537	8,919
Gross profit	7,168	7,085
Operating expenses:		
Research and development	118	151
Selling, general and administrative	9,240	9,745
Benefit from reversal of accrued payroll taxes (Note 12)	—	(6,171)
Total operating expenses	9,358	3,725
Operating income (loss)	(2,190)	3,360
Other expense, net	212	264
Income (loss) before income taxes	(2,402)	3,096
Income tax benefit	(8)	(6)
Net income (loss)	$ (2,394)	$ 3,102
Weighted average common shares outstanding		
Basic	175,585	153,954
Diluted	175,585	153,955
Net income (loss) per share		
Basic	$ (0.01)	$ 0.02
Diluted	$ (0.01)	$ 0.02

The accompanying notes are an integral part of these statements.

See Report of Independent Registered Public Accounting Firm.

CV SCIENCES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	For the Years Ended December 31,	
	2024	2023
Net income (loss)	$ (2,394)	$ 3,102
Other comprehensive income:		
Foreign currency translation adjustment	(25)	10
Total comprehensive income (loss)	$ (2,419)	$ 3,112

The accompanying notes are an integral part of these statements.

See Report of Independent Registered Public Accounting Firm.

CV SCIENCES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance - December 31, 2022	152,104	$ 15	$ 86,897	$ (87,689)	$ —	$ (777)
Issuance of common stock for services	2,500	—	100	—	—	100
Issuance of common stock for acquisition	7,074	1	249	—	—	250
Stock-based compensation	—	—	218	—	—	218
Foreign currency translation adjustment	—	—	—	—	10	10
Net income	—	—	—	3,102	—	3,102
Balance - December 31, 2023	161,678	16	87,464	(84,587)	10	2,903
Issuance of common stock for services	5,163	—	182	—	—	182
Issuance of common stock for acquisition	17,423	2	869	—	—	871
Stock-based compensation	—	—	258	—	—	258
Foreign currency translation adjustment	—	—	—	—	(25)	(25)
Net loss	—	—	—	(2,394)	—	(2,394)
Balance - December 31, 2024	184,264	$ 18	$ 88,773	$ (86,981)	$ (15)	$ 1,795

The accompanying notes are an integral part of these statements.

See Report of Independent Registered Public Accounting Firm.

CV SCIENCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

	For the years ended December 31,	
	2024	2023
OPERATING ACTIVITIES		
Net income (loss)	$ (2,394)	$ 3,102
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	334	235
Stock-based compensation	258	218
Amortization of debt discount	209	112
Amortization of right of use assets	122	108
Gain in fair value of contingent consideration liabilities	(188)	—
Impairment of intangible assets	—	251
Benefit from reversal of accrued payroll tax (Note 12)	—	(6,171)
Deferred taxes	(15)	(14)
Other	355	407
Change in operating assets and liabilities:		
Accounts receivable, net	(84)	352
Inventory	803	1,042
Prepaid expenses and other	342	2,931
Accounts payable and accrued expenses	(603)	(320)
Net cash flows provided by (used in) operating activities	(861)	2,253
INVESTING ACTIVITIES		
Purchases of property and equipment	(18)	—
Acquisition of business, net of cash acquired	(10)	(156)
Net cash flows used in investing activities	(28)	(156)
FINANCING ACTIVITIES		
Proceeds from note payable	900	—
Debt issuance costs related to note payable	(5)	—
Repayment of note payable	(622)	(1,117)
Repayment of unsecured debt	(241)	(274)
Net cash flows provided by (used in) financing activities	32	(1,391)
Effect of exchange rate changes on cash	(6)	—
Net increase (decrease) in cash	(863)	706
Cash, beginning of year	1,317	611
Cash, end of year	$ 454	$ 1,317

The accompanying notes are an integral part of these statements.

See Report of Independent Registered Public Accounting Firm.

CV SCIENCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

	For the years ended December 31,	
	2024	2023
Supplemental cash flow disclosures:		
Interest paid	$ 8	$ 7
Income taxes paid	$ 6	$ —
Supplemental disclosure of non-cash transactions:		
Purchase of insurance through issuance of note payable (Note 8)	$ 177	$ 259
Right of use asset financed by lease liabilities	$ 49	$ —
Debt issuance cost for note payable	$ (284)	$ —
Services paid with common stock	$ 182	$ 100
Fair value of assets acquired, excluding cash	$ 414	$ 275
Liabilities assumed	(73)	(77)
Goodwill on acquisition	640	336
Common stock consideration	(871)	(250)
Holdback liability	—	(18)
Contingent consideration	(100)	(88)
Deferred tax liabilities	—	(22)
Cash paid for acquisition	$ 10	$ 156

The accompanying notes are an integral part of these statements.

See Report of Independent Registered Public Accounting Firm.

CV SCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS

CV Sciences, Inc. (the "Company") was incorporated under the name Foreclosure Solutions, Inc. in the State of Texas on December 9, 2010. On July 25, 2013, CannaVest Corp., a Texas corporation ("CannaVest Texas"), merged with the Company, a wholly-owned Delaware subsidiary of CannaVest Texas, to effectuate a change in the Company's state of incorporation from Texas to Delaware. On January 4, 2016, the Company filed a Certificate of Amendment of Certificate of Incorporation reflecting its corporate name change to "CV Sciences, Inc.", effective on January 5, 2016. In addition, on January 4, 2016, the Company amended its Bylaws to reflect its corporate name change to "CV Sciences, Inc."

The Company develops, manufactures, markets and sells herbal supplements, hemp-based cannabidiol ("CBD") and plant-based food products. The Company sells its products under tradenames, such as *+PlusCBD™, +PlusCBD™ Pet, +PlusHLTH™, Cultured Foods™,* and *Lunar Fox™*. The Company's products are sold in a variety of market sectors including nutraceutical, beauty care and specialty foods. In addition, subject to available capital, the Company is developing drug candidates which use CBD as a primary active ingredient.

On December 7, 2023, the Company acquired Cultured Foods Sp. z.o.o., a limited liability company organized under the laws of Poland ("Cultured Foods"). Cultured Foods is a leading European manufacturer and distributor of plant-based protein products. The Company's plant-based food products are sold under the Cultured Foods brand.

On May 13, 2024, the Company acquired Elevated Softgels LLC, a Delaware limited liability company ("Elevated Softgels"). Elevated Softgels is a manufacturer of encapsulated softgels and tinctures for the supplement and nutrition industry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). On December 7, 2023, the Company acquired Cultured Foods. On May 13, 2024, the Company acquired Elevated Softgels. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates – The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates. Significant estimates include the valuation of intangible assets, inputs for valuing equity awards, and assumptions related to revenue recognition.

Concentrations of Credit Risk – As of December 31, 2024, the Federal Deposit Insurance Corporation ("FDIC") provided insurance coverage of up to $0.3 million per depositor per bank. The Company has not experienced any losses in such accounts and does not believe that the Company is exposed to significant risks from excess deposits. The Company's cash balance in excess of FDIC limits totaled $0.2 million as of December 31, 2024. The Company has not experienced any such losses in these accounts to date, and believes that the financial institutions at which such amounts are held are stable; however, no assurance can be provided.

The Company sources its raw materials from suppliers in Europe and the U.S. One provider of legal services accounted for 28% of our outstanding accounts payable as of December 31, 2024. In addition, one supplier of shipping and fulfillment services and one supplier for online marketing services accounted for 18% and 17%, respectively, of our outstanding accounts payable as of December 31, 2023. There was no other concentration of suppliers and no concentration of accounts receivable or revenue as of and for the years ended December 31, 2024 and 2023.

Fair Value Measurements – Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying values of accounts receivable, other current assets, accounts payable, and certain accrued expenses as of December 31, 2024 and 2023, approximate their fair value due to the short-term nature of these items. The Company's debt balance also approximates fair value as of

CV SCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024, as the interest rates on the debt approximates the rates available to the Company as of this date. The accounting guidance establishes a three-level hierarchy for disclosure that is based on the extent and level of judgment used to estimate the fair value of assets and liabilities.

- Level 1 - uses unadjusted quoted prices that are available in active markets for identical assets or liabilities. The Company does not have any cash equivalents or restricted cash as of December 31, 2024 and 2023. The Company does not have any liabilities that are valued using inputs identified under a Level 1 hierarchy as of December 31, 2024 and 2023.
- Level 2 - uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data. The Company did not have any assets or liabilities that are valued using inputs identified under a Level 2 hierarchy as of December 31, 2024 and 2023.
- Level 3 - uses one or more significant inputs that are unobservable and supported by little or no market activity, and that reflect the use of significant management judgment. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, and significant management judgment or estimation. Except as described below under the caption Goodwill and Intangible Assets, the Company did not have any assets or liabilities that are valued using inputs identified under a Level 3 hierarchy as of December 31, 2024 and 2023.

Liquidity Considerations – U.S. GAAP requires management to assess a company's ability to continue as a going concern within one year from the consolidated financial statement issuance and to provide related note disclosure in certain circumstances. The accompanying consolidated financial statements and notes have been prepared assuming the Company will continue as a going concern. For the year ended December 31, 2024, the Company generated negative cash flows from operations of $0.9 million and had an accumulated deficit of $87.0 million. In February 2025, the Company entered into a securities purchase agreement with an institutional investor (the “Investor”), pursuant to which the Company issued and sold to the Investor a secured promissory note and received net proceeds of $1,200,000. For more information - refer to Note 17. Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operations, growth initiatives, and will continue to make and implement strategic cost reductions, including reductions in employee headcount, vendor spending, and delaying expenses related to its drug development activities. The Company intends to position itself so that it will be able to raise additional funds through the capital markets, issuance of debt, and/or securing lines of credit.

The Company's financial operating results and accumulated deficit, besides other factors, raise substantial doubt about the Company's ability to continue as a going concern. The Company will continue to pursue the actions outlined above, as well as work towards increasing revenue and operating cash flows to meet its future liquidity requirements. However, there can be no assurance that the Company will be successful in any capital-raising efforts that it may undertake, and the failure of the Company to raise additional capital could adversely affect its future operations and viability.

Debt Issuance Costs – The Company presents its debt issuance costs and debt discounts as a direct deduction from the carrying amount of the related indebtedness on its consolidated balance sheet and amortizes these costs over the term of the related debt liability using the effective interest method. Amortization is recorded in interest expense in the consolidated statements of operations.

Accounts Receivable – Generally, the Company requires payment prior to shipment. However, in certain circumstances, the Company extends credit to companies located throughout the U.S. Accounts receivable consist of trade accounts arising in the normal course of business. Accounts for which no payments have been received after 30 days are considered delinquent and customary collection efforts are initiated. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis.

CV SCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Management has determined the allowance for credit losses by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. The allowance for credit losses as of December 31, 2024 and 2023 was not material.

Inventory – Inventory is stated at lower of cost or net realizable value, with cost being determined on an average cost basis. Cost includes costs directly related to manufacturing and distribution of the products. Primary costs include raw materials, packaging, manufacturing overhead, shipping and depreciation of manufacturing equipment and production facilities. Manufacturing overhead includes payroll, employee benefits, utilities, maintenance and property taxes. Total shipping and handling costs were $1.7 million and $1.9 million for the years ended December 31, 2024 and 2023, respectively, and are recorded in cost of goods sold.

The Company performs an assessment of inventory obsolescence to measure inventory at the lower of cost or net realizable value. Factors considered in the determination of obsolescence include slow-moving or non-marketable items.

The Company's inventory production process includes the processing and cultivation of botanical raw material. Because of the duration of the cultivation process, a portion of our inventory will not be sold within one year. Consistent with the practice in other industries that cultivate botanical raw materials, all inventory is classified as a current asset.

Property & Equipment – Equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. Maintenance or repairs are charged to expense as incurred. Upon sale or disposition, the historically-recorded asset cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized.

Impairment of Long-Lived Assets – In accordance with ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparing its carrying value to the undiscounted projected future cash flows that the assets are expected to generate. If the carrying amount of an asset is not recoverable, the Company recognizes an impairment loss based on the excess of the carrying amount of the long-lived asset over its respective fair value, which is generally determined as the present value of estimated future cash flows or at the appraised value. The impairment analysis is based on significant assumptions of future results made by management, including revenue and cash flow projections. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator. As of December 31, 2024 and 2023, the Company determined that long-lived assets were not impaired.

Segments – Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM"), who is its Chief Executive Officer, in deciding how to allocate resources and in assessing performance. As such, the Company has one operating segment, which is the business of hemp-based CBD wellness products. The majority of the Company's long-lived assets are located in the United States and substantially all revenue is attributed to customers and consumers based in the United States.

Goodwill and Intangible Assets – The Company evaluates the carrying value of goodwill and intangible assets annually during the fourth quarter in accordance with ASC Topic 350, *Intangibles Goodwill and Other,* and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator.

CV SCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Goodwill is evaluated for impairment by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. If it is determined, based on qualitative factors, that the fair value of the reporting unit may more likely than not be less than carrying amount, or if significant adverse changes in the Company's future financial performance occur that could materially impact fair value, a quantitative goodwill impairment test would be required. Additionally, management can elect to forgo the qualitative assessment and perform the quantitative test. If the qualitative assessment indicates that the quantitative analysis should be performed, or if management elects to bypass a qualitative assessment, the Company then evaluates goodwill for impairment by comparing the fair value of the reporting unit to its carrying amount, including goodwill. The quantitative assessment for goodwill requires management to estimate the fair value of the Company's reporting units using either an income or market approach or a combination thereof.

Management makes critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. The Company's cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, probability of success, market competition, inflation and discount rates.

During the fourth quarter of 2024 and 2023, the Company performed its annual goodwill impairment analysis following the steps laid out in ASC 350-20-35-3C. The Company's annual impairment analysis includes a qualitative assessment to determine if it is necessary to perform the quantitative impairment test. In performing a qualitative assessment, the Company reviewed events and circumstances that could affect the significant inputs used to determine if the fair value is less than the carrying value of goodwill. The Company determined that no triggering event had occurred to necessitate performing the quantitative impairment test. As a result, the Company did not record any goodwill impairment charges for the years ended December 31, 2024 and 2023.

The Company classifies intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. The Company has definite life intangible assets consisting of trademarks and customer relationships acquired from Cultured Foods and customer relationships acquired from Elevated Softgels. In addition, the Company had in-process research & development ("IPR&D") with an indefinite life from a prior acquisition. IPR&D is not amortized until completion and development of the project, at which time the IPR&D becomes an amortizable asset. Until such time as the projects are either completed or abandoned, the Company tests those assets for impairment at least annually at year end, or more frequently at interim periods, by evaluating qualitative factors which could be indicative of impairment. Qualitative factors being considered include, but are not limited to, macro-economic conditions, progress on drug development activities, and overall financial performance. If impairment indicators are present as a result of the Company's qualitative assessment, the Company will test those assets for impairment by comparing the fair value of the assets to their carrying value. Quantitative factors being considered include, but are not limited to, the current project status, forecasted changes in the timing or amounts required to complete the project, forecasted changes in timing or changes in the future cash flows to be generated by the completed products, a probability of success of the ultimate project and changes to other market-based assumptions, such as current Company market capitalization. Upon completion or abandonment, the value of the IPR&D assets will be amortized to expense over the anticipated useful life of the developed products, if completed, or charged to expense when abandoned if no alternative future use exists.

The Company completed its annual impairment assessment during the fourth quarter of 2024 and 2023. The Company evaluated, on the basis of the weight of the evidence, the significance of all identified events and circumstances that could affect the significant inputs used to determine the fair value of the IPR&D for determining whether it is more likely than not that the IPR&D asset is impaired. After assessing the totality of events and circumstances and their potential effect on significant inputs to the fair value determination, the Company determined that it is more likely than not that the IPR&D asset is impaired. As such, the Company has estimated the fair value of the IPR&D and performed the quantitative impairment test. Based on the quantitative impairment test, the Company determined that its IPR&D is impaired by $0.3 million for the year ended December 31, 2023.

The Company reviews intangible assets that have definite lives whenever an event or change in circumstances indicate that the carrying value of the asset may not be recoverable. The Company did not identify any triggering event during the year ended December 31, 2024. As such, no intangible asset impairment charge was recorded during the year ended December 31, 2024.

CV SCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue Recognition – The majority of the Company's revenue contracts represent a single performance obligation related to the fulfillment of customer orders for the purchase of its products. Net sales reflect the transaction prices for these contracts based on the Company's selling list price, which is then reduced by estimated costs for trade promotional programs, consumer incentives, and allowances and discounts used to incentivize sales growth and build brand awareness. The Company recognizes revenue at the point in time that control of the ordered product is transferred to the customer, which is typically upon shipment to the customer or other customer-designated delivery point. The Company accrues for estimated sales returns by customers based on historical sales return results. The computation of the sales return and other allowances require that management makes certain estimates and assumptions that effect the timing and amounts of revenue and liabilities recorded. Shipping and handling fees charged to customers was not material for the years ended December 31, 2024 and 2023. Taxes collected from customers that are remitted to governmental agencies are accounted for on a net basis and not included as revenue.

The following represents product sales by retail (B2B) and e-commerce (B2C) channels for the years ended December 31, 2024 and 2023:

	For the years ended December 31,			
	2024		2023	
	Amount (in thousands)	% of product sales, net	Amount (in thousands)	% of product sales, net
Retail sales (B2B)	$ 8,768	55.8%	$ 9,178	57.3%
E-Commerce sales (B2C)	6,937	44.2%	6,826	42.7%
Product sales, net	$ 15,705	100.0%	$ 16,004	100.0%

Compensation and Benefits – The Company records compensation and benefits expense for all cash and deferred compensation, benefits, and related taxes as earned by its employees. Compensation and benefits expense also includes compensation earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily information technology and project management activities. The Company maintains a defined contribution 401(k) plan available to eligible employees. Employee contributions are voluntary and are determined on an individual basis, limited to the maximum amount allowable under federal tax regulations. The Company does not make matching contributions.

Research and Development Expense – Research and development costs are charged to expense as incurred and include, but are not limited to, employee salaries and benefits, cost of inventory used in product development and consulting service fees. Research and development expense was $0.1 million and $0.2 million for the years ended December 31, 2024 and 2023, respectively.

Advertising – The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing team. The Company believes the continual investment in advertising is critical to the development and sale of its products. Advertising costs of $0.5 million and $1.1 million were expensed as incurred during each of the years ended December 31, 2024 and 2023, respectively.

Common Stock Warrants - The Company classifies as equity any warrants that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company assesses classification of its common stock warrants and other freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required. The Company's freestanding derivatives consist of warrants to purchase common stock that were issued in connection with its convertible preferred stock. The Company evaluated these warrants to assess their proper classification, and determined that the common stock warrants meet the criteria for equity classification in the accompanying consolidated balance sheets.

Stock-Based Compensation – Certain employees, officers, directors, and consultants of the Company participate in various long-term incentive plans that provide for granting stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. Stock options generally vest in equal increments over a

two- to four-year period and expire on the tenth anniversary following the date of grant. Performance-based stock options vest once the applicable performance condition is probable of being satisfied.

The Company recognizes stock-based compensation for equity awards granted to employees, officers and directors as compensation and benefits expense in the statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period. For performance-based stock options, compensation is recognized once the applicable performance condition is satisfied.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to 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 the related 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 when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. In accordance with ASC Topic 740, *Income Taxes*, the Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision. As of December 31, 2024 and 2023, the Company did not have a liability for unrecognized tax uncertainties. The Company is subject to routine audits by taxing jurisdictions.

Foreign Currency – The Company translates the assets and liabilities of its foreign subsidiary into U.S. Dollars at current rates of exchange in effect at the end of the reporting period. Income and expense items are translated at rates that approximate the rates in effect at the transaction date. Gains and losses from translation are included in accumulated other comprehensive income or loss. Gains or losses resulting from foreign currency transactions during the years ended December 31, 2024 and 2023 (transactions denominated in a currency other than the entity's functional currency) are included as other income in the Company's consolidated statements of operations.

Recent Accounting Pronouncements Not Yet Adopted

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative" ("ASU 2023-06"). ASU 2023-06 incorporates certain SEC disclosure requirements into the FASB Accounting Standards Codification ("ASC"). The amendments in ASU 2023-06 are expected to clarify or improve disclosure and presentation requirements of a variety of ASC Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the ASC with the SEC's regulations. ASU 2023-06 has an unusual effective date and transition requirements since it is contingent on future SEC rule setting. If the SEC fails to enact required changes by June 30, 2027, this ASU is not effective for any entities. Early adoption is not permitted.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Taxes Disclosures" ("ASU 2023-09"), which requires greater disaggregation of income tax disclosures. The new standard requires additional information to be disclosed with respect to the income tax rate reconciliation and income taxes paid disaggregated by jurisdiction. ASU 2023-09 should be applied prospectively for fiscal years beginning after December 15, 2024, with retrospective application permitted. The Company is currently evaluating the impacts of this guidance on the Company's consolidated financial statements.

In March 2024, the FASB issued ASU 2024-02, "Codification Improvements – Amendments to Remove References to the Concepts Statements" ("ASU 2024-02"). The amendments in ASU 2024-02 are effective for public business entities for fiscal years beginning after December 15, 2024. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025. Early application of the amendments in this update is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made

available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In November of 2024, FASB issued ASU 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). Under ASU 2024-03, a public entity would be required to disclose information about purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion for each income statement line item that contains those expenses. Entities would also have to disclose other specific expenses, gains, or losses that are already required to be disclosed under GAAP in this same disclosure, a qualitative description of the amounts remaining that are not separately disaggregated quantitatively, and the total amount of selling expenses, as well as an entity's definition of selling expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. ASU 2024-03 allows for early adoption and requires either prospective adoption to financial statements issued for reporting periods after the effective date of ASU 2024-03 or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which requires companies to enhance the disclosures about segment expenses. The new standard requires the disclosure of the CODM, expanded incremental line-item disclosures of significant segment expenses used by the CODM for decision-making, and the inclusion of previous annual only segment disclosure requirements on a quarterly basis. This ASU should be applied retrospectively for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-07 for the year ended December 31, 2024. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements, but it did require increased disclosures within the notes to the Company's consolidated financial statements.

3. INVENTORY

Inventory as of December 31, 2024 and 2023 was comprised of the following (in thousands):

	December 31,	
	2024	2023
Raw materials	$ 2,581	$ 2,892
Work in process	649	1,181
Finished goods	1,667	1,582
	$ 4,897	$ 5,655

Additions to the inventory provision for the years ended December 31, 2024 and 2023 were not material. The Company had inventory outside the United States of $0.1 million as of December 31, 2024 and 2023.

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4. PROPERTY AND EQUIPMENT

Property and equipment, net, as of December 31, 2024 and 2023 were as follows (in thousands):

	Useful Lives	December 31, 2024	December 31, 2023
Office furniture and IT equipment	3 - 5 years	$ 1,393	$ 1,393
Tenant improvements	*	78	—
Machinery and equipment	7 years	283	37
Construction in progress		10	—
		1,764	1,430
Less: accumulated depreciation		(1,364)	(1,051)
Translation adjustment		(1)	—
		$ 399	$ 379

* Tenant improvements are amortized over the lesser of the remaining term of the related lease or the estimated useful life of the tenant improvements.

Depreciation expense for the years ended December 31, 2024 and 2023 was $0.3 million and $0.2 million, respectively.

5. ACQUISITIONS

Cultured Foods

On December 7, 2023, the Company acquired all issued and outstanding equity interests of Cultured Foods. Cultured Foods manufactures and distributes plant-based food products. Cultured Foods is based in Poland. This acquisition provided the Company with growth opportunities in both plant-based food products and distribution of supplements products into Europe.

The acquisition closed on December 7, 2023 and, accordingly, the consolidated statements of operations and comprehensive income (loss) included Cultured Foods' results of operations for the period from December 7, 2023 through December 31, 2023 and for the year ended December 31, 2024. As a result of the business combination, acquisition costs of $0.1 million were expensed as incurred during the year ended December 31, 2023.

The following table outlines the total consideration transferred as of the acquisition date (in thousands):

Cash	$ 192
Common shares	250
Earn-out	88
Total consideration transferred	$ 530

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The following table summarizes the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Cash	$	18
Accounts receivable and other receivables		11
Inventories		133
Intangible assets		78
Other current assets		17
Fixed assets		38
Goodwill		334
Total assets		629
Accounts payable and accrued liabilities		27
Current note payable		50
Deferred tax liabilities		22
Total liabilities		99
Net assets acquired	$	530

The fair value of acquired intangible assets were determined using a forecasted cash flow and a cost approach. Acquired intangible assets consists of trade names and customer relationships. The Company assigned a 5-year useful life to the acquired intangible assets. The Company determined that Cultured Foods carrying costs approximates fair value for all other acquired assets and assumed liabilities.

Included in the purchase agreement is an earn-out provision whereby the Company agreed to pay the Cultured Foods selling shareholder additional consideration contingent on achievement of certain annual revenue results of Cultured Foods in 2024. During the year ended December 31, 2024, the Company adjusted its previously recorded accrual of $88,000 for the earn-out provision, as the revenues of Cultured Foods did not trigger any earn-out payments. The potential earn-out was originally recorded as additional goodwill. During the year ended December 31, 2024, the Company recorded the change in fair value of the earn-out subsequent to the acquisition date of $88,000 in selling, general and administrative expense. The valuation and purchase price allocation for the Cultured Foods acquisition has been finalized.

Elevated Softgels

On May 13, 2024, the Company acquired all the issued and outstanding membership interests in Elevated Softgels. Elevated Softgels manufactures encapsulated softgels and tinctures for the supplement and nutrition industry. Elevated Softgels is based in Grand Junction, Colorado. This acquisition creates opportunity to further increase the Company's sales to current and new clients. In addition, the Company intends to in-source production of certain key products.

The acquisition closed on May 13, 2024 and, accordingly, the consolidated statements of operations and comprehensive income (loss) included Elevated Softgels' results of operations for the period from May 13, 2024 through December 31, 2024. As a result of the business combination, acquisition costs of $13,704 were expensed as incurred during the year ended December 31, 2024.

The following table outlines the total consideration transferred as of the acquisition date (in thousands):

Cash	$	41
Common shares		871
Earn-out		100
Total consideration transferred	$	1,012

The following table summarizes the assets and liabilities assumed as of the acquisition date, updated for certain measurement adjustments (in thousands):

Cash	$	31
Inventories		49
Intangible assets		38
Other non-current assets		11
Fixed assets		316
Goodwill		640
Total assets		1,085
Accounts payable and accrued liabilities		73
Total liabilities		73
Net assets acquired	$	1,012

The fair value of acquired intangible assets were determined using a forecasted cash flow approach. Acquired intangible assets consists of customer relationships. The Company assigned a 5-year useful life to the acquired intangible assets. The Company determined that Elevated Softgels carrying costs approximates fair value for all other acquired assets and assumed liabilities.

Included in the purchase agreement is an earn-out provision whereby the Company agreed to pay the Elevated Softgels' selling equityholders additional consideration contingent on achievement of certain net revenue of Elevated Softgels for the 12-months period starting on May 13, 2024. During the year ended December 31, 2024, the Company adjusted its previously recorded accrual of $100,000 for the earn-out provision, as the revenue of Elevated Softgels are expected to be insufficient to trigger any earn-out payments. The potential earn-out was originally recorded as additional goodwill. During the year ended December 31, 2024, the Company recorded the change in fair value of the earn-out subsequent to the acquisition date of $100,000 in selling, general and administrative expense. In addition, during the year ended December 31, 2024, the Company adjusted certain estimated fair values of acquired assets and assumed liabilities through goodwill. The valuation and purchase price allocation for the Elevated Softgels acquisition remains preliminary and will be finalized no later than one year after the acquisition date. As of the date of this Annual Report, management is still in the process of evaluating the estimated fair value of the consideration transferred. In addition, management is still evaluating the allocation of the acquisition purchase price to the tangible and intangible assets acquired, liabilities assumed, and the resulting goodwill. Management's analysis of these items has not yet been completed because of the inherent complexities of estimating fair values. Therefore, the business combination amounts presented were determined by management based on its consideration of all currently available information; however, management has not fully completed it business combination analysis and such amounts must be considered provisional amounts.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table summarizes the changes in the carrying amounts of goodwill (in thousands):

		Carrying Amount
Balance - December 31, 2022:	$	—
Acquisition of Cultured Foods		334
Translation adjustment		8
Balance - December 31, 2023:		342
Acquisition of Elevated Softgels		640
Translation adjustment		(11)
Balance - December 31, 2024:	$	971

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As of December 31, 2024, the Company performed its annual goodwill impairment analysis following the steps laid out in ASC 350-20-35-3C. The Company's annual impairment analysis included a qualitative assessment to determine if it was necessary to perform the quantitative impairment test. After performing a qualitative test the Company concluded that it was more likely than not that the fair value of the reporting unit exceeds its carrying value. Accordingly, there was no indication of impairment and the quantitative impairment test was not performed. The Company did not record any goodwill impairment charges for the years ended December 31, 2024 and 2023.

Intangible Assets

The following table summarizes the intangible assets and the related accumulated amortization (in thousands):

	December 31, 2024	December 31, 2023
Gross carrying amount	$ 116	$ 78
Accumulated amortization	(22)	(1)
Translation adjustment	(1)	1
Net carrying amount	$ 93	$ 78

Changes in the carrying amounts of intangible assets are summarized below (in thousands):

	In-process research and development	Trade names	Customer relationships	Total
Balance - December 31, 2022:	$ 251	$ —	$ —	$ 251
Impairment	(251)	—	—	(251)
Acquisition of Cultured Foods	—	52	26	78
Amortization	—	(1)	—	(1)
Translation adjustments	—	1	—	1
Balance - December 31, 2023:	—	52	26	78
Acquisition of Elevated Softgels	—	—	38	38
Amortization	—	(11)	(10)	(21)
Translation adjustments	—	(1)	(1)	(2)
Balance - December 31, 2024:	$ —	$ 40	$ 53	$ 93

During the year ended December 31, 2023, the Company evaluated, on the basis of the weight of the evidence, the significance of all identified events and circumstances that could affect the significant inputs used to determine the fair value of the IPR&D for determining whether it is more likely than not that the IPR&D asset was impaired. After assessing the totality of events and circumstances and their potential effect on significant inputs to the fair value determination, the Company determined that it was more likely than not that the IPR&D asset was impaired. As such, the Company has estimated the fair value of the IPR&D and performed the quantitative impairment test. Based on the quantitative impairment test, the Company determined that its IPR&D was impaired by $0.3 million. As a result, the Company recorded this impairment to reduce its intangible assets on its consolidated balance sheet as of December 31, 2023 and recorded the corresponding impairment expense, which was included in selling, general and administrative expense in the Company's consolidated statements of operations for the year ended December 31, 2023. There was no impairment charge for the year ended December 31, 2024.

The Company did not incur costs to renew or extend the term of acquired intangible assets for the years ended December 31, 2024 and 2023. The estimated amortization expense for the Company's intangible assets is not significant in any future individual fiscal year.

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7. ACCRUED EXPENSES

Accrued expenses as of December 31, 2024 and 2023 were as follows (in thousands):

	December 31, 2024	December 31, 2023
Accrued payroll tax - Mona (Note 12)	$ 522	$ 522
Accrued payroll expenses	1,479	1,388
Other accrued liabilities	1,423	1,512
	$ 3,424	$ 3,422

8. DEBT

Debt as of December 31, 2024 and 2023was as follows (in thousands):

	December 31, 2024	December 31, 2023
Note payable, net of discount and costs	$ 538	$ —
Insurance financing	139	204
Cultured Foods note payable (Note 5)	—	50
Total debt	$ 677	$ 254

Note Payable

2024 Streeterville Note

In July 2024, the Company entered into a new note purchase agreement with Streeterville, pursuant to which the Company issued and sold to Streeterville a Secured Promissory Note (the "2024 Streeterville Note") in the original principal amount of $1.2 million. The 2024 Streeterville Note carries an original issuance discount of $283,500. The Company incurred additional debt issuance costs of $5,000. As a result, the Company received aggregate net proceeds of approximately $0.9 million in connection with the sale and issuance of the 2024 Streeterville Note. The 2024 Streeterville Note was scheduled to mature on July 3, 2025 and the Company was required to make weekly repayments in the amount of $22,856 until the 2024 Streeterville Note was paid in full. In the event the Company repaid the 2024 Streeterville Note in full on or before December 31, 2024, the Company would have received a $75,000 discount from the outstanding balance.

No interest will accrue on the 2024 Streeterville Note until an occurrence of an Event of Default, as defined in Section 4 of the 2024 Streeterville Note, if ever. The 2024 Streeterville Note was secured by all of the Company's assets as set forth in the Security Agreement dated July 3, 2024. The Company made principal payments to Streeterville of $0.6 million during the year ended December 31, 2024.

In February 2025, the Company repaid the entire outstanding balance of the 2024 Streeterville Note and entered into a new note with an institutional investor. For more information - refer to Note 17.

2022 Streeterville Note

In August 2022, the Company entered into a note purchase agreement with Streeterville, pursuant to which the Company issued and sold to Streeterville a Secured Promissory Note (the "2022 Streeterville Note") in the original principal amount of $2.0 million. The 2022 Streeterville Note carried an original issuance discount of $400,000. The Company incurred additional debt issuance costs of $23,000. As a result, the Company received aggregate net proceeds of approximately $1.6 million in connection with the sale and issuance of the 2022 Streeterville Note. The 2022 Streeterville Note was scheduled to mature on May 19, 2023 and the Company was required to make weekly repayments to Streeterville on the note in the following amounts: (a) $40,000 for the first 8 weeks after issuance; and (b) $56,000 thereafter until the 2022 Streeterville Note was paid in full.

No interest was to accrue on the 2022 Streeterville Note until an occurrence of an Event of Default, as defined in Section 4 of the Streeterville Note, if ever.

The unpaid amount of the 2022 Streeterville Note, any interest, fees, charges and late fees accrued was due and payable in full within three trading days of receipt by the Company of any employee retention credit funds owed to the Company under the CARES Act, provided, further, that if at least $1.0 million in CARES Act proceeds were not remitted to Streeterville within ninety days of August 19, 2022, the outstanding balance under the 2022 Streeterville Note was to be increased by 5%. The Company did not receive the CARES Act proceeds within 90 days of August 19, 2022; as a result, the outstanding balance of the Streeterville Note was increased by 5%. The 2022 Streeterville Note was secured by all of the Company's assets as set forth in the Security Agreement dated August 19, 2022.

The Company made principal payments to Streeterville of $1.1 million during the year ended December 31, 2023. As a result, the 2022 Streeterville Note has been fully repaid and satisfied as of December 31, 2023, and the Company's obligations thereunder, were cancelled and terminated.

Insurance Financing

In October 2024, the Company entered into a finance agreement with First Insurance Funding ("First Insurance") in order to fund a portion of its insurance policies for the upcoming policy year. The amount financed was $0.2 million and incurs interest at a rate of 8.42% per annum. The Company is required to make monthly payments of $20,396 from November 2024 through July 2025. The outstanding balance as of December 31, 2024 is $0.1 million.

In November 2023, the Company entered into a finance agreement with First Insurance in order to fund a portion of its insurance policies for the most recent policy year. The amount financed was $0.3 million, which incurred interest at a rate of 8.42% per annum. The Company was required to make monthly payments of $29,781 from November 2023 through July 2024. The Company had an outstanding balance of $0.2 million as of December 31, 2023. There was no outstanding balance as of December 31, 2024.

Cultured Foods Note Payable

The Company assumed the outstanding note payable of Cultured Foods. The note was payable to the prior owner of Cultured Foods and was due within the next 12 months. The note carried an interest rate of 9% per annum. During the year ended December 31, 2024, the Company repaid the entire outstanding amount of the note payable including interest.

9. STOCKHOLDERS EQUITY

Common Stock

As of December 31, 2024 and 2023, the Company had 184,264,000 and 161,678,000 shares of common stock issued and outstanding, respectively.

During the year ended December 31, 2022, the Company issued 5,496,000 shares of common stock to a vendor as compensation for $0.4 million of services provided to the Company. In accordance with the agreement, the Company issued 1,550,000 and 2,500,000 additional shares of common stock to the vendor during the years ended December 31, 2024 and 2023, respectively.

During the year ended December 31, 2024, the Company issued 3,613,000 shares of common stock to another vendor as compensation for strategic advisory services provided to the Company. In accordance with the agreement, the issued shares vest over a six month period from the date of the agreement.

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Warrants

The following represents a summary of the warrants outstanding as of December 31, 2024 and 2023:

Issue Date	Classification	Exercise Price	Expiration Date	Number of Shares Underlying Warrants	
				December 31, 2024	December 31, 2023
March 30, 2022	Equity	$ 0.1000	June 6, 2025	10,000,000	10,000,000
March 30, 2022	Equity	$ 0.0875	June 6, 2025	750,000	750,000
				10,750,000	10,750,000

10. STOCK-BASED COMPENSATION

As of December 31, 2022, there were 30,976,000 shares authorized for issuance under the CV Sciences, Inc. Amended and Restated 2013 Equity Incentive Plan (the "2013 Plan"). On June 11, 2019, the Company's stockholders approved an amendment to the 2013 Plan to add an automatic "evergreen" provision regarding the number of shares to be annually added to the 2013 Plan. As a result, for as long as the 2013 Plan remained in effect, the number of shares of common stock that would be automatically added to the 2013 Plan on January 1 of each year during the term of the plan, starting with January 1, 2020, was the lesser of: (a) 4% of the total shares of the Company's common stock outstanding on December 31st of the prior year, (b) 4,000,000 shares of the Company's common stock, or (c) a lesser number of shares of the Company's common stock as determined by the Company's Board of Directors. On January 1, 2023, the Company added 4,000,000 shares of the Company's common stock to the 2013 Plan pursuant to the evergreen provision, resulting in a total of 34,976,000 shares authorized for issuance under the 2013 Plan.

On June 1, 2023, the 2013 Plan terminated and was replaced by the 2023 Plan (defined below); future issuances of incentive instruments will be made under and governed by the 2023 Plan. Outstanding awards issued under the 2013 Plan will remain subject to the terms and conditions of the 2013 Plan, provided that to the extent that outstanding awards under the 2013 Plan are forfeited or lapse unexercised, the shares of common stock subject to such awards will no longer be available for future issuance under the 2013 Plan or any other equity incentive plan of the Company.

On June 1, 2023, the Company's shareholders approved the adoption of the new 2023 Equity Incentive Plan (the "2023 Plan"), and the Company adopted the 2023 Plan. The 2023 Plan has a term of 10 years. The number of shares of the Company's common stock authorized for issuance under the 2023 Plan was initially 34,976,000 shares, which number shall automatically increase on January 1 of each fiscal year (for a period of ten years after adoption of the 2023 Plan) during the term of the 2023 Plan, commencing on January 1, 2024, by the lesser of (a) 4% of the total shares of the Company's common stock outstanding on December 31st of the prior year, and (b) a lesser number of the Company's common stock as determined by the Company's Board of Directors. As of December 31, 2024, the Company had 20,626,000 authorized but unissued shares reserved for issuance under the 2023 Plan. On January 1, 2025, the Company added 7,370,547 shares to the 2023 Plan.

The stock options are exercisable at no less than the fair market value of the underlying shares on the date of grant, and restricted stock and restricted stock units are issued at a value not less than the fair market value of the common stock on the date of the grant. Generally, stock options awarded are vested in equal increments ranging from two to four years on the annual anniversary date on which such equity grants were awarded. The stock options generally have a maximum term of 10 years.

The Company recognized stock-based compensation expense of $0.3 million and $0.2 million for the years ended December 31, 2024 and 2023, respectively.

Subsequent to December 31, 2024, the Company issued an aggregate of 14,950,000 stock options to employees and directors with an exercise price of $0.04 per share.

As of December 31, 2024, total unrecognized compensation cost related to non-vested stock-based compensation arrangements was $0.7 million, which is expected to be recognized over a weighted-average period of 2.2 years.

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The following summarizes activity related to the Company's stock options (in thousands, except per share data):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (in years)	Aggregate Intrinsic Value
Outstanding - December 31, 2023	24,435	$ 0.32	4.4	$ 6
Granted	14,100	0.05	—	—
Exercised	—	—	—	—
Forfeited	(11,712)	0.42	—	—
Outstanding - December 31, 2024	26,823	0.14	8.4	—
Exercisable - December 31, 2024	11,705	0.25	7.3	—
Vested or expected to vest - December 31, 2024	26,823	$ 0.14	8.4	$ —

The Company has established performance milestones in connection with the drug development efforts for its lead drug candidate CVSI-007. As of December 31, 2024, there were 6,750,000 remaining unvested stock options granted to Michael Mona Jr. (“Mona”) outside of the 2013 Plan and 2023 Plan which are not included in the table above. These stock options vest upon the completion of future performance conditions (refer to Note 12).

There were no stock option exercises during the years ended December 31, 2024 and 2023.

The following table presents the weighted average grant date fair value of stock options granted and the weighted-average assumptions used to estimate the fair value on the date of grant using the Black-Scholes valuation model:

	For the years ended December 31,	
	2024	2023
Volatility	138.1%	132.1%
Risk-Free Interest Rate	4.3%	3.9%
Expected Term (in years)	5.75	5.75
Dividend Rate	0.0%	0.0%
Fair Value Per Share on Grant Date	$ 0.05	$ 0.04

The risk-free interest rates are based on the implied yield available on U.S. Treasury constant maturities with remaining terms equivalent to the respective expected terms of the options. Expected volatility is based on the historical volatility of the Company's common stock. The Company estimates the expected term for stock options awarded to employees, non-employees, officers and directors using the simplified method in accordance with ASC Topic 718, *Stock Compensation*, because the Company does not have sufficient relevant historical information to develop reasonable expectations about future exercise patterns. In the future, as the Company gains historical data for the actual term over which stock options are held, the expected term may change, which could substantially change the grant-date fair value of future stock option awards, and, consequently, compensation of future grants.

11. NET INCOME (LOSS) PER SHARE

The Company computes basic net income (loss) per share using the weighted-average number of common shares outstanding during the year. Diluted net income (loss) per share is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares plus potential common shares. The Company's stock options, including those with performance conditions, are included in the calculation of diluted net income (loss) per share using the treasury stock method when their effect is dilutive. Potential common shares are excluded from the calculation of diluted net income (loss) per share when their effect is anti-dilutive.

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The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	For the years ended December 31,	
	2024	2023
Numerator:		
Net income (loss)	$ (2,394)	$ 3,102
Denominator for basic and diluted net income (loss) per share:		
Weighted average common shares outstanding for basic	175,585	153,954
Dilutive potential common stock outstanding:		
Stock options	—	1
Weighted average common shares outstanding for diluted	175,585	153,955
Basic net income (loss) per share	$ (0.01)	$ 0.02
Diluted net income (loss) per share	$ (0.01)	$ 0.02

The following common stock equivalents were not included in the calculation of net income (loss) per diluted share because their effect were anti-dilutive (in thousands):

	For the years ended December 31,	
	2024	2023
Stock options	26,823	20,185
Performance stock options	6,750	11,000
Warrants	10,750	10,750
Total	44,323	41,935

12. RELATED PARTIES

During the year ended December 31, 2019, the Company's former President and Chief Executive Officer, Mona, and the Company entered into a Settlement Agreement (the “Settlement Agreement”), pursuant to which the Company acknowledged that Mona’s resignation from the Company on January 22, 2019 was for Good Reason (as defined in Mona’s Employment Agreement) and agreed to extend the deadline for Mona’s exercise of his stock options for a period of five years. In exchange, Mona agreed that notwithstanding the terms of his Employment Agreement providing for acceleration of vesting of all stock options upon a Good Reason resignation, certain of his unvested stock options would not immediately vest, but rather continue to vest if, and only if, certain Company milestones are achieved related to the Company’s drug development efforts. These stock options were issued in July 2016 (6,000,000 options) and March 2017 (5,000,000 options) and 6,750,000 of these stock options have not vested as of December 31, 2024. The Company and Mona also agreed to mutually release all claims arising out of and related to Mona’s resignation and separation from the Company. As a result of Mona's Restricted Stock Unit Award Agreement, the Company recorded stock-based compensation expense related to (i) the accelerated vesting of the RSU's of $5.1 million and (ii) due to the Settlement Agreement's modification of certain stock options of $2.7 million during the year ended December 31, 2019. During the year ended December 31, 2024, the Company cancelled 11,300,000 fully vested outstanding stock options of Mona with a weighted average exercise price of $0.42 per share, as these stock options remained unexercised and the deadline to exercise these stock options lapsed.

In addition, 2,950,000 shares of stock were issued to Mona upon the vesting and settlement of the RSU's. The settlement of the RSU's by the payment of shares was treated as taxable compensation to Mona and thus subject to income tax withholdings. No amounts were withheld (either in cash or the equivalent of shares of common stock from the settlement of the RSU's) or included in the original Company’s payroll tax filing. The compensation was subject to Federal and State income tax withholding and Federal Insurance Contributions Act (“FICA”) taxes withholding estimated to be $6.4 million for the employee portions. The employer portion of the FICA taxes was $0.2 million and was recorded as a component of selling, general and administrative expenses in the consolidated statement of operations for the year ended December 31, 2019. During the year ended December 31, 2020, the Company reported the taxable compensation associated with the RSU settlement to the taxing authorities and included the amount in Mona's W-2 for 2019. Although the primary tax liability is the responsibility of the employee, the Company is secondarily liable to the taxing authorities and thus has continued to reflect this liability on its consolidated balance

sheet through December 31, 2022 in an amount of $6.7 million, which was recorded as a component of accrued expenses. The Company initially recorded an offsetting receivable of $6.2 million during the second quarter of 2019 for the total estimated Federal and State income taxes which should have been withheld in addition to the employee portion of the FICA payroll taxes as the primary liability is ultimately the responsibility of the employee. The receivable was recorded as a component of prepaid expenses and other on the consolidated balance sheet. The deadline to file and pay personal income taxes for 2019 with extensions was on October 15, 2020. To date, notwithstanding repeated requests from the Company, Mona has not provided to the Company the appropriate documentation substantiating that he properly filed and paid his taxes for 2019, and Mona has recently confirmed that he has not paid his personal income tax for 2019. As a result, the Company derecognized its previously recorded receivable of $6.2 million during the fourth quarter of 2020. The associated liability would have been relieved once the tax amount was paid by Mona and the Company had received the required taxing authority documentation from Mona. If the tax amount was not paid by Mona, the Company could have been liable for such tax due.

The Company believes that the statute of limitations for federal payroll tax withholding expired on April 15, 2023. In addition, the statute of limitations for the state tax withholding expired during the three months ended March 31, 2023. As a result of the expiration of the relevant statutes of limitations, the Company believes that neither the IRS nor the State of California have the rights to assess and collect the $6.2 million of income taxes from the Company and the Company has made a change in accounting estimate and no longer expects to incur a loss with respect to this matter. As a result, the Company derecognized the contingent liability of $6.2 million during the year ended December 31, 2023. The remaining accrued amount of $0.5 million that the Company may still be liable for relates to employer and employee Medicare portion of FICA taxes for which the related statute of limitations has not yet expired.

13. COMMITMENTS AND CONTINGENCIES

On March 17, 2015, Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging breach of fiduciary duty and gross mismanagement (the “Ruth Complaint”). The claims were premised on the same events that were the subject of a purported class action filed in the Southern District of New York on April 23, 2014 (the “Sallustro Case”). On July 2, 2019, the court in the Sallustro Case entered a final order dismissing the complaint with prejudice. The Company did not make any settlement payment, and at no time was there a finding of wrongdoing by the Company or any of its directors. Regarding the Ruth Complaint, the parties previously agreed to stay the action pending the conclusion of discovery in the Sallustro Case. Once the Sallustro Case was dismissed, the stay was lifted. Plaintiff’s counsel later informed the Court that Mr. Ruth sold his shares of CVSI stock and thus he no longer had standing to pursue this claim. However, the Court allowed plaintiff’s counsel to substitute CVSI shareholder Otilda Lamont as the named plaintiff. On September 20, 2019, defendants filed a motion to dismiss the Ruth Complaint and the court issued a ruling denying the motion to dismiss on November 24, 2020. A Third Amended Complaint was filed on December 11, 2020 substituting Otilda Lamont as plaintiff. The Company filed an answer to the Ruth complaint on January 11, 2021. The parties agreed to a settlement in principle in January 2022 whereby the Company agreed to make certain corporate governance reforms in exchange for dismissal of the lawsuit. Plaintiff filed a motion for preliminary approval of proposed settlement on June 1, 2022. The court granted preliminary approval of the proposed settlement on February 7, 2023. A hearing seeking final approval of the proposed settlement was held on May 15, 2023, and the court indicated it would likely approve the proposed settlement and reschedule the hearing with regard to plaintiff's motion for attorney's fees. On June 23, 2023, the Company received notice of a court order dated May 23, 2023 without any hearing, granting plaintiff's motion for attorney's fees and expenses of approximately $250,000, which the Company accrued as of December 31, 2023. On or about May 1, 2024, the Company and plaintiff executed a stipulation for the payment of the plaintiff's attorney's fees and expenses over the course of approximately eighteen months subject to a confession of judgment.

On December 3, 2019, Michelene Colette and Leticia Shaw filed a putative class action complaint in the Central District of California, alleging the labeling on the Company’s products violated the Food, Drug, and Cosmetic Act of 1938 (the “Colette Complaint”). On February 6, 2020, the Company filed a motion to dismiss the Colette Complaint. Instead of opposing the Company's motion, plaintiffs elected to file an amended complaint on February 25, 2020. On March 10, 2020, the Company filed a motion to dismiss the amended complaint. The court issued a ruling on May 22, 2020 that stayed this proceeding in its entirety and dismissed part of the amended complaint. The court's order stated that the portion of the proceeding that is stayed will remain stayed until the U.S. Food and Drug Administration (the “FDA”) completes its rulemaking regarding the marketing, including labeling, of CBD ingestible products. However, on January 26, 2023, the FDA announced that it does not intend to pursue rulemaking allowing the use of cannabidiol

products in dietary supplements or conventional foods. As a result, on February 13, 2023, Plaintiffs filed a status report with the court asking to have the stay lifted. The Company filed a written opposition. The court has taken no action since Plaintiffs filed that status report, and the case remains stayed pursuant to the court's original order.

On November 5, 2021, Mona filed a complaint against the Company in Nevada state court seeking to recover federal and state taxes from the Company associated with the RSU release in 2019 - refer also to Note 13. Related Parties, for further information. On December 22, 2021, the Company filed a motion to dismiss the complaint. On September 12, 2022, the court denied the motion to dismiss the case. On November 3, 2022, the court ordered the case into arbitration. On December 6, 2022, Mona filed a demand for arbitration against the Company and its officers with the American Arbitration Association (the "AAA"). On January 31, 2023, the Company and management filed a case in the San Diego Superior Court for declaratory relief, seeking to enjoin the arbitration on the grounds that Mona is barred from proceeding with the arbitration under the doctrines of res judicata and judicial estoppel based on the position that Mona took against the Company in a prior arbitration. On February 2, 2023, the AAA stayed the arbitration for 60 days. On February 14, 2023, the Company filed a motion for preliminary injunction to enjoin Mona from proceeding with the arbitration. The preliminary injunction motion was scheduled for hearing on October 20, 2023. On March 20, 2023, the Company sought a temporary restraining order to enjoin Mona from proceeding with the arbitration, which the court denied. After the denial of the temporary restraining order, the Company withdrew its motion for preliminary injunction. On April 5, 2023, the AAA informed the parties that the stay issued on February 2, 2023 had been lifted. On April 28, 2023, the AAA appointed an arbitrator for the matter. On June 6, 2023, the Company's officers filed a motion to dismiss the claims in the arbitration against them, arguing that they are not party to an agreement with Mona to arbitrate. On July 6, 2023, the Arbitrator issued an order scheduling the hearing on the merits for April 8 through April 12, 2024. On September 12, 2023, the Arbitrator granted in part and denied in part the motion to dismiss the Company's officers, requiring the case to proceed to a hearing on the merits. The hearing on the merits began on April 8, 2024, and the Arbitrator heard five days of testimony. The hearing resumed on May 21, 2024 and concluded on May 23, 2024. On November 20, 2024, the Company received the final arbitration award from the AAA finding against Mona on all claims for relief and in favor of the Company and management and holding that Mona shall take nothing from the arbitration.

On February 12, 2025, the Company initiated an arbitration with JAMS asserting claims against its long-time legal counsel, Procopio, Cory, Hargreaves & Savitch LLP, and a former partner of that firm, who the Company had regarded as its general counsel (together "Procopio"). For more information refer to Note 17.

In the normal course of business, the Company is a party to a variety of agreements pursuant to which they may be obligated to indemnify the other party. It is not possible to predict the maximum potential amount of future payments under these types of agreements due to the conditional nature of our obligations, and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these types of agreements have not had a material effect on our business, results of operations or financial condition.

14. LEASES

In April 2022, the Company entered into a new lease agreement for its main office facility. The lease is for the Company's operations, warehouse, sales, marketing and back office functions. The facility is approximately 6,000 square feet and located in San Diego, California. The lease term is three years with a total lease obligation of approximately $0.4 million. The lease does not include an option to renew. Based on the present value of the lease payments for the remaining lease term, the Company recognized an operating lease asset of $0.3 million and lease liabilities for operating leases of $0.4 million, respectively, on May 1, 2022.

In October 2024, the Company entered into a new lease agreement for its manufacturing facility in Poland. The facility is approximately 2,400 square feet and located outside of Warsaw, Poland. The lease term is for two years and expires on September 30, 2026. Based on the present value of the lease payments, the Company recognized an operating lease asset and lease liability for operating leases of $0.1 million on October 1, 2024.

The operating lease is included in "Right of use assets" on the Company's December 31, 2024 and 2023 Consolidated Balance Sheets, and represents the Company's right to use the underlying asset for the lease term. The Company's obligation to make lease payments is included in "Operating lease liability - current" and "Operating lease liability" on the Company's December 31, 2024 and 2023 Consolidated Balance Sheets. Operating lease expense is recognized on a straight-line basis over the lease term. As of December 31, 2024, the Company had operating lease obligations

and operating lease assets of $0.1 million related to its facilities. The Company recognized total lease costs of $0.1 million for each of the years ended December 31, 2024 and 2023. Total lease costs was mostly comprised of operating lease costs. Short-term lease costs related to short-term operating leases and variable lease costs were $0.1 million during the year ended December 31, 2024.

Because the rate implicit in the lease is not readily determinable, the Company uses the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The Company has certain contracts for real estate which may contain lease and nonlease components which it has elected to treat as a single lease component. Information related to the Company's operating lease assets and related lease liabilities were as follows:

	December 31, 2024
Weighted-average remaining lease term (in months)	7.76
Weighted-average discount rate	6.6%

Maturities of lease liabilities as of December 31, 2024 were as follows (in thousands):

Year ending December 31,	
2025	85
2026	20
Total	105
Less: imputed interest	(3)
Total lease liabilities	$ 102
Operating lease liability - current	$ 83
Operating lease liability - net of current portion	19
Total operating lease liability	$ 102

Subsequent to December 31, 2024, the Company entered into a new lease agreement for its Elevated Softgels business - refer to Note 17.

15. INCOME TAXES

For the years ended December 31, 2024 and 2023, pretax income (loss) was attributable to the following jurisdictions (in thousands):

	For the years ended December 31,	
	2024	2023
Domestic operations	$ (2,141)	$ 3,114
Foreign operations	(261)	(18)
Total	$ (2,402)	$ 3,096

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The income tax benefit for the years ended December 31, 2024 and 2023 was comprised of the following (in thousands):

	For the years ended December 31,	
	2024	2023
Current:		
Federal	$ —	$ —
State	7	8
Foreign	—	—
Total current tax expense	7	8
Deferred:		
Federal	4	(11)
State	—	—
Foreign	(19)	(3)
Total deferred tax benefit	(15)	(14)
Income tax benefit	$ (8)	$ (6)

A reconciliation of the expected income tax benefit at the federal statutory rate of 21% for the years ended December 31, 2024 and 2023, and the income tax benefit reported in the consolidated financial statements is as follows:

	For the years ended December 31,			
	2024		2023	
	Amount (in thousands)	% of pretax income (loss)	Amount (in thousands)	% of pretax income (loss)
Income tax expense (benefit) at federal statutory rate	$ (505)	21.0%	$ 651	21.0%
State taxes, net of federal effect	(141)	5.8%	182	5.9
Other permanent differences	(19)	0.8%	33	1.1
Stock-based compensation	4,047	(168.4)%	420	13.5
NOL adjustments and other true-ups	(22)	0.9%	(640)	(20.6)
Other	24	(1.0)%	8	0.2
Decrease in valuation allowance	(3,392)	141.2%	(660)	(21.3)
Income tax benefit	$ (8)	0.3%	$ (6)	(0.2)%

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The following table summarizes the significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023 (in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	$ 11,337	$ 10,804
Business credit carryforwards	930	939
Intangible assets	281	413
Stock-based compensation	101	4,075
Change to inventory	47	52
Operating lease liabilities	16	51
Accruals and reserves	656	565
Other	301	247
	13,669	17,146
Deferred tax liabilities:		
Operating lease assets	(14)	(45)
Property and equipment	(28)	(97)
	(42)	(142)
Valuation allowance	(13,631)	(17,023)
Net deferred tax liabilities	$ (4)	$ (19)

The valuation allowance decreased by $3.4 million and $0.7 million for the year ended December 31, 2024 and 2023.

Deferred tax assets and liabilities are provided for significant revenue and expense items recognized in different years for tax and financial reporting purposes. The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income, and ongoing prudent and feasible profits. As of December 31, 2024 and 2023, the Company established valuation allowances equal to the full amount of its deferred tax assets, net of certain tax liabilities, due to the uncertainties regarding the realization of the deferred tax assets in future years.

As of December 31, 2024, the Company had federal, California, and other state net operating loss ("NOL") carryforwards of $41.8 million, $28.9 million, and $8.3 million, respectively, which are available to offset future taxable income. Federal NOL carryforwards arising after 2017 of $34.5 million do not expire. Federal NOL carryforwards arising before 2018 of $7.2 million expire from 2036 to 2037. California NOL carryforwards of $28.9 million expire from 2036 to 2043. Other state NOL carryforwards of $8.3 million have various expirations from 2036 to 2043.

As of December 31, 2024, the Company had federal and California R&D credit carryforwards of approximately $0.7 million and $0.4 million, respectively, which are available to offset future taxable income. Federal R&D credit carryforwards expire from 2036 to 2041. California R&D credit carryforwards do not expire.

The NOL carryforward may be subject to an annual limitation under Sections 382 and 383 of the Internal Revenue Code of 1986 (the "Code"), and similar state provisions if the Company experienced one or more ownership changes, which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from the transactions increasing ownership of certain stockholders or public groups in the stock of the corporation of more than 50% over a three-year period. The Company completed a Section 382 and 383 analysis regarding the limitation of NOL and credit carryforwards from inception in December 2010 through November 4, 2019. The Company experienced multiple ownership changes for the purposes of Section 382 and 383 of the Code with the latest change in April 2017. The ownership changes did not result in the forfeiture of any NOLs or credits generated prior to this date. If a change in ownership occurs in the future, the NOL and tax credits carryforwards could be eliminated or restricted.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the

technical merits, and uncertain income tax positions must meet a more likely than not recognition threshold to be recognized. The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the statements of operations.

The Company does not anticipate a significant change in its uncertain tax benefits over the next 12 months. The Company is subject to taxation in the U.S. and California state jurisdictions. Due to net operating losses all tax years since inception remain open to examination.

A reconciliation of the Company's unrecognized tax benefits for the years ended December 31, 2024 and 2023 is provided in the following table (in thousands):

	2024	2023
Balance as of January 1:	$ 170	$ 172
Increase in current year positions	—	—
Increase in prior year positions	—	—
Decrease in prior year positions	(2)	(2)
Balance as of December 31:	$ 168	$ 170

16. SEGMENT DATA

The Company defines its segments on the basis of the way in which internally reported financial information is regularly reviewed by the CODM to analyze financial performance, make decisions, and allocate resources. The Company manages its operations as a single operating and reportable segment, which is the production and sale of nutraceuticals and plant-based foods. As internal reporting is based on the consolidated results, the Company has identified one reporting and reportable segment. The CODM uses net income (loss) and cash flow information in the budget and forecasting process and considers budget-to-actual variances on a regular basis when making decisions about the allocation of operating and capital resources. The measure of the operating segment assets is reported on the consolidated balance sheet as total assets.

The accounting policies used in the segment reporting are the same as those described in the summary of significant accounting policies - refer to Note 2. The Company's CODM is the Chief Executive Officer.

The Company's reportable segment product sales, net and net income (loss) for the years ended December 31, 2024 and 2023 consisted of the following (in thousands):

	For the Years Ended December 31,	
	2024	2023
Product sales, net	$ 15,705	$ 16,004
Cost of goods sold	8,537	8,919
Gross profit	7,168	7,085
Operating expenses:		
Research and development expense	118	151
Sales expense	3,166	3,065
Marketing expense	2,088	2,940
General and administrative expense	3,986	3,740
Benefit from reversal of accrued payroll taxes	—	(6,171)
Total operating expenses	9,358	3,725
Operating income (loss)	(2,190)	3,360
Other expense, net	212	264
Income (loss) before income taxes	(2,402)	3,096
Income tax benefit	(8)	(6)
Net income (loss)	$ (2,394)	$ 3,102

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17. SUBSEQUENT EVENTS

Note Payable

In February 2025, the Company entered into a securities purchase agreement with an institutional investor (the "Investor"), pursuant to which the Company issued and sold to the Investor a secured promissory note in the original principal amount of $1,600,000 (the "Note"). The Note carries an original issuance discount of $400,000 and the Company agreed to pay $10,000 to the Investor to cover legal fees. The original issuance discount was deducted from the proceeds of the Note received by the Company which resulted in a purchase price received by the Company of $1,200,000.

The Note is due and payable on August 12, 2026 and the Company is required to make monthly repayments to the Investor of $106,667 starting on June 12, 2025. The Company can pay all or any portion of the outstanding balance earlier than it is due without penalty. In the event the Company repays the Note in full on or before August 12, 2025, the Company will receive a $100,000 discount from the outstanding balance. The Note is secured by all of the Company's assets pursuant to a security agreement and intellectual property security agreement entered into with the Investor on February 12, 2025. the Company's obligations under the Note are guaranteed by each of the Company's subsidiaries. No interest will accrue on the Note unless and until an occurrence of an event of default, as defined in the Note.

Leases

In February 2025, the Company entered into a new lease agreement for its existing Elevated Softgels manufacturing facility. The facility is approximately 7,200 square feet and located in Grand Junction, Colorado. The lease term is for one year, with two one year renewal periods. The total lease obligation over the estimated lease term of two years is approximately $0.2 million.

Commitment and Contingencies

On February 12, 2025, the Company initiated an arbitration with JAMS asserting claims against its long-time legal counsel, Procopio. The Company's engagement agreement with Procopio requires the resolution of such disputes through arbitration. Procopio provided the Company legal advice and guidance on when Mona would recognize W-2 income and be subject to payroll and income tax withholding resulting from the settlement of RSU's previously awarded to Mona. According to Procopio, because Mona was then an insider within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and he was subject to suit and disgorgement of short-swing profits if he sells stock within six months of the settlement date of the RSU's, Mona does not recognize W-2 income on the settlement date and that Mona would recognize W-2 income and be subject to tax withholding upon the expiration of the six month period under Section 16(b). Consequently, the Company issued to Mona a share certificate evidencing his ownership of shares of the Company's stock then valued at more than $13 million that Mona constructively received upon the settlement of his RSU's without withholding taxes. After Mona received the certificate, without acknowledging its prior advice and guidance, Procopio changed its prior advice and advised the Company that tax withholding was required as of the settlement date. Procopio continued to represent the Company to resolve the lack of withholding, address the fallout therefrom, report the same in its periodic reports filed with the SEC and numerous other legal matters. The Company disclosed the lack of withholding in its Form 10-Q for the quarter ended, March 31, 2019, and in subsequent quarterly and annual reports. The Company has also disclosed in its prior reports filed with the SEC that the lack of withholding has been the subject of multiple legal proceedings, the most recent of which involved a case brought by Mona against the Company that was resolved in November 2024 in the Company's favor in a binding arbitration. After that case was submitted to the arbitrator for decision, the Company sought to address with Procopio the legal advice and guidance it provided. Procopio responded by terminating the Company as a client on January 10, 2025, ending the Company's 12-year relationship with Procopio as its legal counsel. The Company seeks to recover damages from Procopio resulting from its reliance on Procopio's advice and guidance, including fees and expenses paid to Procopio and other professionals, expenses incurred by the Company and other harm to it.

Acquisitions

On November 21, 2024, the Company announced that it entered into a definitive stock purchase agreement (the "Purchase Agreement") by and among the Company, Extract Labs Inc., a Colorado corporation ("Extract Labs"),

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Craig Henderson (“Henderson”) and Higher Love Wellness Company, LLC (“Higher Love”) and together with Extract Labs, Henderson, and Higher Love the “Sellers” to purchase all of the outstanding shares of Extract Labs from the Sellers. Disclosure of the terms and conditions of the Purchase Agreement that are material to the Company was included in Item 1.01 of the Company's Current Report on Form 8-K filed with the SEC on November 21, 2024.

On February 5, 2025, the Company received an electronic mail message from Henderson indicating that the Sellers were unable to move forward with the closing under the Purchase Agreement due to the alleged failure to receive a bank consent and were apparently terminating the Purchase Agreement. The Company disputes the Sellers' right to terminate the Purchase Agreement and the Company reserves all of its rights under the Purchase Agreement. The Company is presently evaluating its options related to the Sellers' purported termination of the Purchase Agreement.

STOCK PURCHASE AGREEMENT

by and among

CV SCIENCES, INC.

EXTRACT LABS INC.,

CRAIG HENDERSON

AND

HIGHER LOVE WELLNESS COMPANY, LLC

NOVEMBER 15, 2024

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of November 15, 2024, is made and entered into by and among CV SCIENCES, INC., a Delaware corporation (the "Purchaser"), EXTRACT LABS INC., a Colorado corporation (the "Company"), CRAIG HENDERSON, an individual ("Henderson"), and HIGHER LOVE WELLNESS COMPANY, LLC, a Colorado limited liability company ("Higher Love" and, together with Henderson the "Sellers" and each of them, a "Seller"). The Purchaser, the Company, and each of the Sellers are sometimes individually referred to herein as a "Party" and, collectively, as the "Parties." This Agreement is made with reference to the following facts:

W I T N E S S E T H:

WHEREAS, the Sellers collectively own all of the issued and outstanding shares of capital stock of the Company (the "Shares") in the respective amounts described on Schedule A;

WHEREAS, the Company is in the business of manufacturing premium cannabinoid products including, gummies, topicals, and tinctures, and selling Extract Labs branded products through a range of sales channels from B2B to B2C (the "Business");

WHEREAS, the Parties desire to enter into this Agreement pursuant to which the Sellers shall sell to the Purchaser, and the Purchaser shall purchase from the Sellers, all of the Shares on the terms and subject to the conditions set forth herein (the "Acquisition");

WHEREAS, concurrently with the consummation of the transactions contemplated hereby, the Purchaser shall extend an offer of employment to Henderson for the position of general manager of the Company or an equivalent position with the Purchaser;

WHEREAS, concurrently with the consummation of the transactions contemplated hereby, one of the Sellers has entered into a non-competition agreement attached to this Agreement as Exhibit 1.1(a) (the "Non-competition Agreement") with the Purchaser;

WHEREAS, concurrently with the consummation of the transactions contemplated hereby, 1399 Horizon LLC, an entity wholly-owned by Henderson ("1399 Horizon") will enter into a lease agreement for the Company's facilities with the Purchaser in the form attached to this Agreement as Exhibit 1.1(b) (the "Lease Agreement"), and Henderson will enter into a pledge and indemnification agreement with the Company (or the Purchaser, at the Purchaser's election) pursuant to which Henderson will pledge his interests in the membership interests of 1399 Horizon as security, and agree to indemnify the Company for any liability under, the Company's guaranty of certain indebtedness of 1399 Horizon in the form attached to this Agreement as Exhibit 1.1(c) (the "Pledge Agreement") ; and

WHEREAS, the Parties desire to make certain representations, warranties, indemnities, and additional covenants in connection with the transactions contemplated hereby, as set forth below.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements, and conditions hereinafter set forth, and intending to be legally bound hereby, each Party hereby agrees:

ARTICLE 1
CONSTRUCTION; DEFINITIONS

Section 1.1Definitions. The following terms, as used herein, have the following meanings:

"Accounting Firm" has the meaning set forth in Section 3.6(e).

"Affiliate(s)" of any specified Person means any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person.

"Ancillary Documents" means the Purchaser Ancillary Documents and the Seller Ancillary Documents, collectively.

"Balance Sheet" means the unaudited balance sheet of the Company as of August 31, 2024 included in the Financial Statements.

"Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the County of San Diego, California.

"Calculation Periods" means (2) two successive calculation periods with the first calculation period for the 12-month period beginning on the Closing Date and the second calculation period for the 12-month period beginning on the first anniversary of the Closing Date.

"Closing" means the consummation of the transactions contemplated by this Agreement as set forth in Section 8.1 of this Agreement.

"Closing Date" has the meaning set forth in Section 8.1.

"Company Benefit Plan" means each Employee Benefit Plan currently sponsored or maintained or required to be sponsored or maintained by the Company or to which the Company makes, or has any obligation to make, directly or indirectly, any contributions or with respect to which the Company has, or might have, any other liabilities.

"Company Intellectual Property" means any Intellectual Property that is owned by or licensed to the Company, including the Company Registered Intellectual Property.

"Company Registered Intellectual Property" means all of the Registered Intellectual Property owned by, or filed in the name of, the Company.

"Confidential Information" means any data or information of the Company (including trade secrets) that is valuable to the operation of the Business and not generally known to the public or competitors.

"Control" means, when used with respect to any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Earn-Out Payment" means with respect to each of the two Calculation Periods, the issuance of a number of restricted shares of the Company's common stock with an aggregate value (determined in accordance with Section 3.8) of:

a) $50,000, if the Company's Net Revenue is at least $3,500,000 but less than $4,000,000,

b) $100,000, if the Company's Net Revenue is at least $4,000,000 but less than $4,300,000,

c) $200,000, if the Company's Net Revenue is at least $4,300,000 but less than $4,600,000, and

d) $300,000, if the Company's Net Revenue is at least $4,600,000.

"Employee Benefit Plan" means, with respect to any Person, (a) each plan, fund, program, agreement, arrangement or scheme, including each plan, fund, program, agreement, arrangement or scheme maintained or

required to be maintained under applicable Law that is at any time sponsored or maintained or required to be sponsored or maintained by such Person or to which such Person makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former employees, directors, managers, officers, consultants, independent contractors, contingent workers or leased employees of such Person or the dependents of any of them (whether written or oral), including each deferred compensation, bonus, incentive compensation, pension, retirement, stock purchase and other equity compensation plan, (b) each severance, retention or change in control plan or agreement, each plan or agreement providing health, vacation, summer hours, supplemental unemployment benefit, hospitalization insurance, medical, dental or legal benefit and (e) each other employee benefit plan, fund, program, agreement, arrangement or scheme.

"Employment Agreement" means any employment contract, consulting agreement, termination or severance agreement, salary continuation agreement, change of control agreement, non-compete agreement or any other agreement respecting the terms and conditions of employment or payment of compensation, or of a consulting or independent contractor relationship in respect to any current or former officer, employee, consultant, or independent contractor.

"Environment" means any surface or ground water, drinking water supply, soil, surface, or subsurface strata or medium, or the ambient air.

"Environmental Laws" means all federal, state, or local or foreign Laws relating to protection of the Environment, health, and safety, including pollution control, product registration and Hazardous Materials.

"Estimated Working Capital Deficit" means the amount, if any, by which the Target Working Capital is greater than the Estimated Working Capital as set forth on the Closing Date Financial Statement.

"Estimated Working Capital Surplus" means the amount, if any, by which the Target Working Capital is less than the Estimated Working Capital as set forth on the Closing Date Financial Statement.

"Exhibit" means any exhibit attached to this Agreement.

"Final Working Capital Schedule" means the "Final Working Capital Schedule" as finally determined pursuant to Section 3.6 hereof.

"Financial Statements" means the Balance Sheet and the unaudited statements of income of the Company for the nine months ended as of August 31, 2024.

"Forum Financing Indebtedness" means any Indebtedness outstanding as of the Closing Date under the Equipment Financing Agreement dated as of November 27, 2023 by and between the Company and Forum Financial Services, Inc, as amended or supplemented.

"GAAP" means generally accepted accounting principles in the United States of America as applied consistently with the past practices of the Company in the preparation of the year-end unaudited Financial Statements.

"Governmental Entity" means any federal, state, local or foreign government, any political subdivision thereof, or any court, administrative or regulatory agency, department, instrumentality, body or commission or other governmental authority or agency.

"Hazardous Materials" means any waste, pollutant, contaminant, hazardous substance, toxic, ignitable, reactive or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process-intermediate product or waste, asbestos or asbestos-containing materials, lead-based paint, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid or gaseous products, or any constituent

of any such substance or waste, the management, use, handling or disposal of which is in any way governed by or subject to any applicable Law.

"Indebtedness" means the aggregate of all indebtedness of the Company with respect to borrowed money, including loans, deferred consideration, debts, any liabilities under acceptances, credit cards, monies due under capitalized leases or financial leases (but excluding operating leases), or for the deferred purchase price of property or services for which the Company is liable, contingently or otherwise as obligor, guarantor, or otherwise, or in respect of which the Company otherwise assures against loss, including bank debt, bank fees, shareholder debt and vendor debt, including, in each case above, any interest accrued thereon and prepayment or similar penalties and expenses which would be payable if such liability were paid in full as of the Closing Date. "Indebtedness" excludes, however, any and all amounts already included under Net Working Capital (including for purposes of determining the Estimated Working Capital Deficit/Surplus or Working Capital Deficit/Surplus), and Transaction Expenses.

"Indemnified Party" means a Purchaser Indemnified Party or a Seller Indemnified Party, as applicable.

"Intellectual Property" means any or all of the following and all rights arising out of or associated therewith: (a) all patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, mask works, trade secrets, proprietary information, know-how, technology, technical data and customer lists, and all documentation relating to any of the foregoing throughout the world; (c) all works of authorship (whether copyrightable or not), all copyrights, copyright registrations and applications therefor, and all other rights corresponding thereto throughout the world; (d) all industrial designs and any registrations and applications therefor throughout the world; (e) all internet uniform resource locators, domain names, trade names, logos, slogans, designs, trade dress, common law trademarks and service marks, trademark and service mark and trade dress registrations and applications therefor throughout the world; (f) all databases and data collections and all rights therein throughout the world; (g) all moral and economic rights of authors and inventors, however denominated, throughout the world; and (h) any similar or equivalent rights to any of the foregoing anywhere in the world.

"Knowledge" with respect to the Sellers means (a) all facts known by Craig Henderson after due inquiry and diligence with respect to the matters at hand, and (b) all facts that Craig Henderson should have known with respect to the matters at hand if he had made due inquiry and exercised reasonable diligence.

"Laws" means all statutes, rules, codes, regulations, restrictions, ordinances, orders, decrees, approvals, directives, judgments, injunctions, writs, awards, standards, guidelines, guidance documents, policies, and decrees of, or issued by, any Governmental Entity.

"Leased Real Property" means the parcels of real property of which the Company is the lessee (together with all fixtures and improvements thereon).

"Legal Dispute" means any action, suit, arbitration or proceeding between or among the Parties and their respective Affiliates arising in connection with any disagreement, dispute, controversy, or claim arising out of or relating to this Agreement or any related document.

"Licenses" means all notifications, licenses, permits (including environmental, construction and operation permits), qualifications, franchises, certificates, approvals, exemptions, classifications, registrations and other similar documents and authorizations issued by any Governmental Entity, and applications therefor.

"Liens" means all mortgages, liens, pledges, security interests, charges, claims, restrictions, and encumbrances of any nature whatsoever.

"Material Adverse Effect" means any state of facts, change, event, effect, or occurrence (when taken together with all other states of fact, changes, events, effects, or occurrences) that is or may be reasonably likely to be materially adverse to the financial condition, results of operations, prospects, properties, assets, or liabilities (including contingent liabilities) of the Company or the Business except for and expressly excluding (i) changes in financial, banking or securities markets in general, including any disruption thereof; (ii) any changes or prospective changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (iii) the announcement, pendency or completion of the transactions contemplated by this Agreement; (iv) any act or omission of the Sellers, the Company taken at the request of or with the consent of the Purchaser or in compliance with this Agreement, (v) the occurrence of any event of act of war, act of God, terrorism, natural or manmade disaster, epidemic, pandemic or disease outbreak (including the COVID-19 virus), or other calamity or crisis, or the escalation or worsening thereof, adversely impacting financial, political or economic conditions, (vi) any changes in general economic, regulatory, financial or political conditions, (vii) changes affecting the industry of the Company generally, (viii) the taking of any action required by this Agreement, (ix) any failure to take any action, if such action is prohibited by this Agreement, to the extent the Purchaser fails to give its consent to such action after its receipt of a written request therefor; or (x) the public announcement, pendency or completion of the transactions contemplated by this Agreement; *provided*, *however*, that any event, occurrence, fact, condition or change referred to in clauses (i) through (x) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company or the Business compared to other participants in the industries in which the Company conducts the Business.

"Net Revenue" means the net amount of revenue attributable to the sale of the Company's products as recognized by the Purchaser in accordance with GAAP applied in accordance with the Purchaser's then-existing corporate policies, less product returns, royalties paid by the Purchaser to third parties, discounts (including but not limited to customer and distributor discounts), and excluding amounts invoiced for any other product, shipping, taxes, duties, or similar amounts. For the avoidance of doubt, Net Revenue is recognized for the sale of the Company's products to third parties and does not include inter-company sales from the Company to the Purchaser.

"Net Working Capital" means the Company's current assets minus current liabilities determined in accordance with GAAP.

"Non-Compete Agreement" means an agreement entered into between the Company and Craig Henderson attached as Exhibit 1.1(a) to this Agreement.

"Ordinary Course" means the ordinary course of business of the Company consistent with past practice.

"Permitted Liens" means (a) Liens for Taxes not yet due and payable, (b) statutory Liens of landlords, (c) Liens of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the Ordinary Course and not yet delinquent, and (d) in the case of the Leased Real Property, zoning, building, or other restrictions, variances, covenants, rights of way, encumbrances, easements and other minor irregularities in title, none of which, individually or in the aggregate, (i) interfere in any material respect with the present use of or occupancy of the affected parcel by the Company, (ii) have more than an immaterial effect on the value thereof or its use or (iii) would impair the ability of such parcel to be sold, leased or subleased for its present use.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organization, or Governmental Entity.

"Purchase Price" means the amount equal to the Closing Cash and the Stock Consideration, as adjusted pursuant to this Agreement, plus the Earn-Out Payments (if any).

"Purchaser Ancillary Documents" means any certificate, agreement, document, or other instrument, other than this Agreement, to be executed and delivered by the Purchaser in connection with the transactions contemplated hereby.

"Purchaser Indemnified Parties" means the Purchaser and its Affiliates, each of their respective officers, directors, members, managers, employees, agents, and representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Receivables" means the Company's accounts receivable as of the date of the Closing Date Financial Statement.

"Registered Intellectual Property" means all: (a) patents and patent applications (including provisional applications); (b) registered trademarks and service marks, applications to register trademarks and service marks, and trade dress, intent-to-use applications, or other registrations or applications related to trademarks and service marks and trade dress; (c) registered copyrights and applications for copyright registration; (d) domain name registrations; (e) registered mask works and applications for mask work registration; and (f) any other Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded with any federal, state, local or foreign Governmental Entity or other public body.

"Release" means, with respect to any Hazardous Material, any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the Environment.

"Schedule" means any schedule attached to this Agreement.

"Seller Ancillary Documents" means any certificate, agreement, document, or other instrument, other than this Agreement, to be executed and delivered by the Sellers or any Affiliate of the Sellers in connection with the transactions contemplated hereby.

"Seller Indemnified Parties" means the Sellers and its Affiliates, each of their respective officers, directors, managers, employees, agents, and representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Suppliers" means all of the Company's suppliers and vendors during the 12-month period ended on August 31, 2024.

"Target Working Capital" means an amount equal to $880,000.

"Tax Return" means any report, return, declaration, or other information required to be supplied to a Governmental Entity in connection with Taxes, including estimated returns, amended returns, information statements and reports of every kind with respect to Taxes.

"Taxes" means all taxes, assessments, charges, duties, fees, levies and other governmental charges (including interest, penalties or additions associated therewith), including income, franchise, capital stock, real property, personal property, tangible, withholding, employment, payroll, social security, social contribution, unemployment compensation, unclaimed property escheat, disability, transfer, sales, use, excise, license, occupation, registration, stamp, premium, environmental, customs duties, alternative or add-on minimum, estimated, gross receipts, value-added and all other taxes of any kind for which the Company may have any liability imposed by any Governmental Entity, whether disputed or not, and any charges, interest or penalties imposed by any Governmental Entity.

"Transaction Expenses" means the aggregate amount of all legal, accounting, financial advisory and other third party advisory or consulting fees and expenses incurred by the Company and/or the Sellers in connection with the transactions contemplated by this Agreement and not paid prior to the Closing Date.

"VWAP" means the dollar volume-weighted average price for the common stock of the Purchaser during the period beginning at 9.30 a.m. New York time and ending at 4.00 p.m. New York time on a single trading day, as reported on the Purchaser principal market (OTC.QB). The VWAP will be round to 5 decimal places.

"Working Capital Deficit" means the amount, if any, by which the Estimated Working Capital is greater than the Net Working Capital, as reflected on the Final Working Capital Schedule.

"Working Capital Surplus" means the amount, if any, by which the Estimated Working Capital is less than the Net Working Capital, as reflected on the Final Working Capital Schedule.

Section 1.2Construction. Unless the context of this Agreement clearly requires otherwise, (a) references to the plural include the singular, and references to the singular include the plural, (b) references to any gender include the other genders, (c) the words "include," "includes" and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation", (d) the terms "hereof", "herein", "hereunder", "hereto" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, (e) the terms "day" and "days" mean and refer to calendar day(s), (f) the terms "year" and "years" mean and refer to calendar year(s) and (g) all references in this Agreement to "dollars" or "$" shall mean United States Dollars. Unless otherwise set forth herein, references in this Agreement to (i) any document, instrument or agreement (including this Agreement) (A) includes and incorporates all Exhibits, schedules and other attachments thereto, (B) includes all documents, instruments or agreements issued or executed in replacement thereof and (C) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified or supplemented from time to time in accordance with its terms and in effect at any given time, and (ii) a particular Law means such Law as amended, modified, supplemented or succeeded, from time to time and in effect at any given time. All Article, Section, Exhibit and Schedule references herein are to Articles, Sections, Exhibits and Schedules of this Agreement, unless otherwise specified. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if all Parties had prepared it.

Section 1.3Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE 2
PURCHASE AND SALE

Section 2.1Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, at the Closing (i) each of the Sellers shall sell, transfer, and deliver to the Purchaser, and the Purchaser shall purchase and acquire from each Seller, all of the Shares held respectively by each Seller, free and clear of any and all Liens, and (ii) the Purchaser shall pay and deliver the Purchase Price as provided in this Agreement.

Section 2.2Further Assurances. Each Party shall on the Closing Date and from time to time thereafter, at any other Party's reasonable request and without further consideration, execute and deliver to such other Party such instruments of transfer, conveyance, and assignment as shall be reasonably requested to transfer, convey, and assign the Shares to the Purchaser and otherwise to effect the transactions contemplated by this Agreement.

ARTICLE 3
PURCHASE PRICE; ADJUSTMENTS

Section 3.1Purchase Price. The aggregate consideration to be paid for the Shares by the Purchaser at the Closing shall consist of (a)(i) $400,000, plus (ii) the Estimated Working Capital Surplus, if any, minus (iii) the Estimated Working Capital Deficit, if any, minus (iv) Indebtedness (other than Forum Financing

Indebtedness), minus (v) 50% of the Forum Financing Indebtedness, minus (vi) Transaction Expenses (the result of (a)(i) – (a)(v)(vii) being the "Closing Cash"), and (b) that number of the Purchaser's common stock, with an aggregate value equal to $1,000,000 minus 50% of the Forum Financing Indebtedness, based on the trailing sixty (60) day VWAP of such common stock as of the day prior to the Closing Date (the "Stock Consideration"). In addition, the Sellers shall be eligible to receive the Earn-Out Payments, subject to the terms and conditions in Section 3.6.

Section 3.2Purchase Price Holdback. At the Closing, the Purchaser shall hold back $20,000 in cash (the "Holdback Amount") from the Closing Cash to satisfy any obligations of the Sellers pursuant to this Agreement. The Holdback Amount, less any amounts properly applied by the Purchaser against amounts owed by the Sellers pursuant to this Agreement, shall be released and paid to the Sellers on the date that is twelve (12) months after the Closing Date.

Section 3.3Payment of Cash Consideration. The Closing Cash shall be paid at the Closing by wire transfer in the amount and to the account of the Sellers specified on Exhibit 3.3 (the "Payment Schedule"). The Payment Schedule sets forth the percentage of the Purchase Price to be paid to each of the Sellers, respectively (each such Seller's percentage being its "Seller Percentage"). The Sellers hereby acknowledge and agree that the payment of Closing Cash as set forth on the Payment Schedule shall fully satisfy the Purchaser's obligations hereunder with respect to the payment of Closing Cash.

Section 3.4Issuance of Stock Consideration. The Stock Consideration shall be issued at the Closing as restricted common stock in the amounts and in the name of Craig Henderson (in his personal capacity) and Higher Love Wellness Company, LLC. The Company's irrevocable instructions to its transfer agent to issue certificates for the Stock Consideration shall be deemed issuance of such Stock Consideration for purposes of this Agreement. The Sellers acknowledge that, because the Stock Consideration constitutes restricted common stock, it is not eligible for resale until the applicable holding period under Rule 144 of the Securities Act of 1933, as amended ("Rule 144"), has expired. The certificates for the Stock Consideration shall bear a restrictive legend consistent with the foregoing sale limitation. The Purchaser may require customary certifications and legal opinions from and on behalf of the holder of the Stock Consideration concerning the availability of Rule 144 as a condition to authorizing the removal of such restrictive legend from the certificate representing Stock Consideration. Further, the Sellers acknowledge and agree that the Stock Consideration is subject to the limitations on sale as set forth in Section 7.3 of this Agreement, and the limitations imposed by applicable securities laws generally.

Section 3.5Closing Date Statements. Attached hereto as Exhibit 3.5 is a statement (the "Closing Date Financial Statement"), signed by the Manager of the Company (on behalf and in the name of the Company), which sets forth the Company's estimate of the Purchase Price and its components, including: (i) the Net Working Capital (the "Estimated Working Capital") at Closing, (ii) the Estimated Working Capital Surplus, if any, or the Estimated Working Capital Deficit, if any, at Closing, (iii) Indebtedness, if any, at the Closing, and (iv) the Transaction Expenses at the Closing.

Section 3.6Purchase Price Adjustments.

(a) Unless the Purchaser agrees that the Closing Date Financial Statement shall be final, which shall be conveyed in writing to the Sellers in writing no later than one hundred twenty (120) days following the Closing Date, the Purchaser shall prepare and deliver to the Sellers a statement (the "Working Capital Statement") setting forth the Purchaser's calculation of (a) the Net Working Capital of the Company at the Closing, (b) the Working Capital Surplus, if any, or the Working Capital Deficit, if any, with respect to the Company at the Closing, (c) the Company's Indebtedness, if any, at the Closing, and (d) the Transaction Expenses at the Closing.

(b) The Sellers shall have thirty (30) days following receipt of the Working Capital Statement during which to notify the Purchaser of any dispute of any item contained in the Working Capital Statement, which notice shall set forth in reasonable detail the basis for such dispute.

(c) If the Sellers do not notify the Purchaser of any such dispute within such thirty (30)-day period, the Working Capital Statement shall be deemed to be the Final Working Capital Schedule and the calculations therein shall be final and binding on the Parties hereto for all purposes hereunder.

(d) If the Sellers notify the Purchaser of any such dispute within such thirty (30) day period, the Parties shall cooperate in good faith to resolve any such dispute as promptly as possible, and upon such resolution, the Final Working Capital Schedule shall be prepared.

(e) If the Parties are unable to resolve any dispute regarding the Working Capital Statement in accordance with Section 3.6(d), any such dispute shall be finally determined by submission of such dispute to an independent accounting firm selected by the Purchaser and reasonably acceptable to the Sellers (the "Accounting Firm"). The fees and expenses of the Accounting Firm in connection with the Accounting Firm's determination of the Final Working Capital Schedule pursuant to this Section 3.6(e) shall be borne, in its entirety, by the Party whose calculation of the Purchase Price as initially submitted to the Accounting Firm represents the greatest numeric difference from (whether greater than or less than) the Purchase Price as determined by the Accounting Firm.

(f) Within five (5) Business Days following the determination of the Final Working Capital Schedule in accordance with this Section 3.6, (a) to the extent the estimated Purchase Price as set forth in the Closing Date Financial Statement exceeds the Purchase Price as finally determined pursuant to this Section 3.6 (the amount of such excess, the "Purchase Price Overpayment"), the Sellers shall be obligated to pay the Purchaser in cash an amount equal to the Purchase Price Overpayment by wire transfer of immediately available funds to an account designated by the Purchaser, or (b) to the extent the estimated Purchase Price as set forth in the Closing Date Financial Statement is less than the Purchase Price as finally determined pursuant to this Section 3.6 (the amount of such deficit, the "Purchase Price Shortfall"), the Purchaser shall pay to each Seller its Seller Percentage of the Purchase Price Shortfall by wire transfer of immediately available funds to an accounts designated by each Seller. In the event of a Purchase Price Overpayment, the Purchaser may at its sole discretion (but shall not be required to) satisfy this obligation by offset of such amount (in whole or in part) against the Holdback Amount.

Section 3.7Accounts Receivable. Within ninety (90) days following the final determination of the Final Working Capital Schedule (the "Receivables Date"), the Purchaser shall be entitled to recover from the Sellers, or, at the Purchaser's sole and absolute discretion, offset against the Holdback Amount, an amount equal to the unpaid balance, as of the Receivables Date, of all accounts receivable which were included as assets on the Final Working Capital Schedule (the "Accounts Receivable"). From and after the Closing Date, the Purchaser shall use commercially reasonable efforts to collect the Accounts Receivable; *provided, however*, that the Purchaser shall not be required to engage collection agencies or attorneys or institute legal proceedings against then current customers of the Purchaser or any of its Affiliates to satisfy its obligations under this Section 3.7.

Section 3.8Earn-Out Payments.

(a) Within ten (10) Business Days after final determination of the Company's Net Revenue with respect to each Calculation Period pursuant to Section 3.8(c), an Earn-Out Payment, if any, shall be remitted to the Sellers as follows:

(i) The Earn-out Payment shall be in the form of restricted common stock of the Purchaser (the "Earn-out Shares"), with the number of Earn-out Shares determined based upon the thirty (30) day VWAP of the Company's common stock as of the 12-month anniversary of the Closing Date (for the first

Calculation Period) or 24-month anniversary of the Closing Date (for the second Calculation Period), issuable to the Sellers in accordance with their respective Seller Percentages. The Company's irrevocable instructions to its transfer agent to issue certificates for the Earn-out Shares shall be deemed issuance of such Earn-out Shares for purposes of this Agreement. The Sellers acknowledge that, because the Earn-out Shares constitute restricted common stock, they are not eligible for resale until the applicable holding period under Rule 144 has expired. The certificates for the Earn-out Shares shall bear restrictive legends consistent with the foregoing sale limitations. The Purchaser may require customary certifications and legal opinions from and on behalf of the holders of the Earn-out Shares concerning the availability of Rule 144 as a condition to authorizing the removal of such restrictive legends from the certificates representing the Earn-out Shares. Further, the Sellers acknowledge and agree that the Earn-out Shares are subject to the limitations on sale as set forth in Section 7.3 of this Agreement, and the limitations imposed by applicable securities laws generally.

(b) Within forty-five (45) days after the end of a Calculation Period, the Purchaser shall prepare and deliver to the Sellers a written statement (the "Purchaser Net Revenue Statement") setting forth in reasonable detail the Purchaser's calculation of the Company's Net Revenue for such Calculation Period, and the Purchaser's calculations of the Earn-Out Payment (if any) with respect thereto. During the thirty (30)-day period following the receipt by the Sellers of the Purchaser Net Revenue Statement, the Sellers and their representatives shall be permitted to review during normal business hours and make copies reasonably required of (i) the working papers of the Purchaser relating to the preparation of the Purchaser Net Revenue Statement, and (ii) any supporting schedules, supporting analyses and other supporting documentation relating to the preparation of the Purchaser Net Revenue Statement. The Purchaser Net Revenue Statement shall become final and binding upon the Parties on the thirtieth (30th) day following delivery thereof, except to the extent that the Sellers deliver written notice of disagreement with the Purchaser Net Revenue Statement (a "Net Revenue Dispute Notice") to the Purchaser prior to such date. Any Net Revenue Dispute Notice shall specify in reasonable detail the nature of any disagreement so asserted (any such disagreement to be limited to whether such calculation of the Net Revenue is mathematically correct and/or has been prepared in accordance with the definition of Net Revenue herein). If a Net Revenue Dispute Notice complying with the preceding sentence is received by the Purchaser in a timely manner, then the Purchaser Net Revenue Statement (as revised in accordance with clause (i) or (ii) below) shall become final and binding upon the Parties on the earlier of (i) the date the Purchaser and the Sellers resolve in writing any differences they have with respect to the matters specified in the Net Revenue Dispute Notice, or (ii) the date any disputed matters are finally resolved in writing by the Accounting Firm (as set forth below).

(c) During the thirty (30)-day period following the delivery of a Net Revenue Dispute Notice that complies with Section 3.8(b), the Purchaser and the Sellers shall seek in good faith to resolve in writing any differences which they may have with respect to the matters specified in the Net Revenue Dispute Notice. During such period, the Purchaser shall be permitted to review and make copies reasonably required of (i) the working papers of the Sellers relating to the preparation of the Net Revenue Dispute Notice, and (ii) any supporting schedules, supporting analyses and other supporting documentation relating to the preparation of the Net Revenue Dispute Notice. If, at the end of such thirty (30)-day period, the differences as specified in the Net Revenue Dispute Notice are not resolved, the Sellers and the Purchaser shall promptly engage the Accounting Firm and submit to the Accounting Firm for review and resolution any and all matters which remain in dispute and which are properly included in the Net Revenue Dispute Notice. In resolving any disputed item, the Accounting Firm shall: (i) be bound by the provisions of this Section 3.8 and the definition of Net Revenue; (ii) limit its review to matters still in dispute as specifically set forth in the Net Revenue Dispute Notice (and only to the extent such matters are still in dispute following such thirty (30)-day period); and (iii) further limit its review solely to whether the Purchaser Net Revenue Statement has been prepared in accordance with this Section 3.8. The Purchaser and the Sellers shall make available to the Accounting Firm all relevant working papers, supporting schedules, supporting analyses, other supporting documentation and other items reasonably requested by the Accounting Firm. The determination of any item that is a component of Net Revenue and is the subject of a dispute cannot, however, be in excess of, or less than, the greatest or lowest value, respectively, claimed for any particular item in the Purchaser Net Revenue Statement or the Net Revenue Dispute Notice, as applicable. The Sellers and the Purchaser shall use reasonable best efforts to cause the Accounting Firm to render a decision

resolving the matters in dispute within thirty (30) days following the submission of such matters to the Accounting Firm. The fees and expenses of the Accounting Firm in connection with the Accounting Firm's determination of the Net Revenue pursuant to this Section 3.8(c) shall be borne, in its entirety, by the party whose calculation of the Net Revenue as initially submitted to the Accounting Firm represents the greatest numeric difference from (whether greater than or less than) the Net Revenue as determined by the Accounting Firm.

(d) The Sellers acknowledge the absolute right of the Purchaser to operate, manage and invest in the Company in the exercise of its sole and absolute discretion and agrees that the Purchaser shall have no liability or obligation to the Sellers in connection with the operations and assets of the Company from and after the consummation of the Closing. Without limiting the generality of the foregoing, the Purchaser presently intends to base its decisions regarding operations of the Company, including the pricing of services and the investment and allocation of resources, on the basis of strategic objectives of the Purchaser and its Affiliates. The Sellers acknowledge and agree that (i) the Purchaser's operation of its business and the Company's business may negatively impact the amount of any Earn-Out Payment; (ii) nothing in this Agreement creates a fiduciary or other similar duty on the part of Purchaser in respect of achieving any level of the Earn-Out Payment; and (ii) the Sellers will have no right to claim any lost Earn-Out Payment, or other damages so long as the Purchaser has not acted in bad faith for the principal purpose of reducing amounts that otherwise would be payable to the Sellers under this Agreement.

Section 3.9Withholding Taxes. To the extent required by applicable Law, the Purchaser shall be entitled to deduct and withhold any Taxes required to be withheld from any payments due from the Purchaser to the Sellers, and to the extent that any amounts are so withheld, such amounts shall be treated for all purposes of this Agreement by the Purchaser as having been paid to the applicable Seller. The Purchaser may condition the payment of any amount hereunder to the Seller or other party on the receipt of an executed IRS Form W-9 (or the appropriate IRS Form W-8).

Section 3.10Seller Release. In consideration for the agreement and covenants of the Purchaser set forth in this Agreement, the Sellers on behalf of themselves and each of their Affiliates (and each of their respective officers, directors, managers, members, employees, agents, representatives, heirs, executors, successors and assigns) hereby knowingly, voluntarily and unconditionally releases and forever discharges from and for, and covenants not to sue the Purchaser or the Company (or either of them), or their respective predecessors, successors, parents, subsidiaries or other Affiliates, or any of their respective current and former officers, directors, managers, members, employees, agents, or representatives for or with respect to, any and all claims, causes of action, demands, suits, proceedings, debts, obligations, liabilities, damages, losses, costs, and expenses (including attorneys' fees and costs) of every kind or nature whatsoever, known or unknown, actual or potential, suspected or unsuspected, fixed or contingent, that the each of the Sellers has or may have, now or in the future, arising out of, relating to, or resulting from any acts or omissions, errors, negligence, strict liability, breach of contract, tort, violations of Law, matter or cause whatsoever from the beginning of time to the Closing Date (collectively, but excluding the Non-Released Matters (as defined below), the "Released Claims"); provided, however, that such release shall not cover any of the following (collectively, the "Non-Released Matters"): (a) any claims against the Purchaser or any of its Affiliates (other than the Company) unrelated in any way to the Company, or (b) any claims against the Purchaser arising under this Agreement, any Seller Ancillary Document or any Purchaser Ancillary Document. As of the Closing Date, each Seller expressly waives any and all rights and benefits conferred upon it under California law by Section 1542 of the California Civil Code (or similar laws of other jurisdictions) with respect to the Released Claims, which states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE SELLERS AND THE COMPANY

The Sellers and the Company, jointly and severally, hereby represent and warrant, to the Purchaser as follows:

Section 4.1Organization.

(a) The Company is a corporation duly formed and validly existing under the laws of Colorado and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted. The Sellers have heretofore made available to the Purchaser correct and complete copies of the charter documents of the Company as currently in effect and the complete corporate record books with respect to all actions taken by its shareholders, directors, and officers, as applicable.

Section 4.2Authorization.

(a) The Company has the right, power, authority, and capacity to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The consummation of the transactions contemplated hereby has been duly authorized by all required corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes the valid and binding agreement of the Company, enforceable against it in accordance with its terms.

(b) The Sellers have the right, power, authority, and capacity to execute and deliver this Agreement and each Seller Ancillary Document, to perform its obligations hereunder and thereunder, to consummate the transactions contemplated hereby and thereby, and specifically to bind the Holdback Amount and the Purchase Price (as the case may be) to the forfeiture and offset provisions contained herein.

(c) This Agreement and each Seller Ancillary Document has been duly authorized by the Sellers, and has been duly executed and delivered by the Sellers and constitute the legal, valid, and binding obligation of the Sellers, enforceable against the Sellers in accordance with its respective terms.

Section 4.3Shares.

(a) Schedule 4.3(a) accurately and completely sets forth the capital structure of the Company including the number of Shares, or other equity interests which are authorized and which are issued and outstanding. All of the issued and outstanding Shares, or other equity interests of the Company (a) are duly authorized, validly issued, fully paid and nonassessable, (b) are, immediately prior to the Closing, held of record by the Persons and in the amounts set forth on Schedule 4.3(a), and (c) were not issued or acquired by the holders thereof in violation of any Law, agreement, or the preemptive rights of any Person. Except as set forth on Schedule 4.3(a), no Shares, or other equity interests of the Company are reserved for issuance or are held in treasury, and (i) there are no outstanding options, warrants, rights, calls, commitments, conversion rights, rights of exchange, subscriptions, claims of any character, agreements, obligations, convertible or exchangeable securities or other plans or commitments, contingent or otherwise, relating to the Shares of the Company; (ii) there are no outstanding contracts or other agreements of the Company, the Sellers, or any other Person to purchase, redeem or otherwise acquire any outstanding Shares or other equity interests of the Company, or securities or obligations of any kind convertible into Shares or other equity interests of the Company; (iii) there are no dividends which have accrued or been declared but are unpaid on the Shares or other equity interests of the Company; (iv) there are no outstanding or authorized stock appreciation right, phantom unit, equity incentive plans or similar rights with respect to the Company; (v) there are no voting agreements or other agreements relating to the management of the Company or the voting of the Shares; and (vi) there are no statutory preemptive rights, and the Company has not granted any preemptive or similar rights, to purchase from the Company any of its Shares. Except as set forth on Schedule 4.3(a), the Company has never purchased, redeemed, or otherwise acquired any Shares or other equity interests of the Company. Other than the Sellers, no other Person is the

record holder of any Shares or other equity interests in the Company (other than the Purchaser at Closing). No prior offer, issue, redemption, call, purchase, sale, transfer, negotiation or other transaction of any nature or kind with respect to any Shares (including options, warrants or debt convertible into Shares, options or warrants) of the Company or any entity that has been merged into the Company has given rise to any claim or action by any Person that is enforceable against the Company, the Sellers, or the Purchaser, and no fact or circumstance exists that could give rise to any such right, claim or action. All redemptions or transfers of Shares or other equity interests of the Company are set forth on Schedule 4.3(a).

(b) The Sellers are, immediately prior to the Closing, the exclusive owners of, and have good and valid title to and record and beneficial ownership of, the Shares of the Company set forth next to the Seller's name on Schedule 4.3(a), and such Shares (i) are validly issued, fully paid, and nonassessable, and (ii) are, and shall be transferred, assigned, and delivered to the Purchaser at Closing, free and clear of all Liens.

(c) Other than the Shares listed on Schedule 4.3(a), there are no Shares of the Company or any other equity security of the Company outstanding, or any option, warrant, right, call, commitment or right of any kind to have any such equity security issued, sold or purchased.

Section 4.4Subsidiaries. The Company has never owned and does not currently own, directly or indirectly, any capital stock or other equities, securities, or interests in any other corporation or in any limited liability company, partnership, joint venture, or other entity.

Section 4.5Absence of Restrictions and Conflicts.

(a) The execution, delivery and performance of this Agreement and the Seller Ancillary Documents, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of and compliance with the terms and conditions hereof and thereof, do not or will not (as the case may be), with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel, require the consent, notice or other action by any Person under (a) any term or provision of the charter documents of the Company, (b) any Company Contract (defined in Section 4.13) or any other contract, agreement, permit, franchise, license or other instrument applicable to the Company or the Sellers, (c) any judgment, decree or order of any court or Governmental Entity or agency to which the Company or the Sellers are a party or by which the Company or the Sellers or any of their respective properties are bound, or (d) any Law or arbitration award applicable to the Company or the Sellers. No consent, approval, order, or authorization of, or registration, declaration or filing with, any Governmental Entity is required with respect to the Company or the Sellers in connection with the execution, delivery or performance of this Agreement or the Seller Ancillary Documents, or the consummation of the transactions contemplated hereby or thereby.

(b) The execution, delivery and performance of this Agreement and the Seller Ancillary Documents, the consummation of the transactions contemplated hereby and thereby and the fulfillment of and compliance with the terms and conditions hereof and thereof do not, with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel, require the consent, notice or other action by any Person under (a) any contract, agreement, permit, franchise, license or other instrument applicable to the Sellers, (b) any judgment, decree or order of any Governmental Entity to which either of the Sellers is a party or by which either of the Sellers or any of such Seller's respective properties are bound, or (c) any Law or arbitration award applicable to any Seller.

Section 4.6Real Property.

(a) Except as set forth on Schedule 4.6(a), the Company does not own and never has owned any real property.

(b) Schedule 4.6(b) sets forth a correct and complete list of the Leased Real Property.

(c) The Company has a valid leasehold interest in its Leased Real Property, and the leases granting such interests are in full force and effect.

(d) To the Knowledge of the Sellers, no portion of the Leased Real Property, or any building or improvement located therein, violates any Law, including those Laws relating to zoning, building, land use, environmental, health and safety, fire, air, sanitation, and noise control. Except for the Permitted Liens, no Leased Real Property is subject to (i) any decree or order of any Governmental Entity (or, to the Knowledge of the Sellers, threatened or proposed order) or (ii) any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature whatsoever.

(e) The improvements and fixtures on the Leased Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and are adequate and suitable for the purposes for which they are presently being used. To the Knowledge of the Sellers, none of the buildings and improvements owned or utilized by the Company is constructed of, or contains as a component part thereof, any material that, either in its present form or as such material could reasonably be expected to change through aging and normal use and service, releases any substance, whether gaseous, liquid or solid, which is or may be, either in a single dose or through repeated and prolonged exposure, injurious or hazardous to the health of any individual who may from time to time be in or about such buildings or improvements. There is no condemnation, expropriation or similar proceeding pending or, to the Knowledge of the Sellers, threatened against any of the Leased Real Property or any improvement thereon. The Leased Real Property constitutes all of the real property utilized by the Company in the operation of the Business.

Section 4.7Title to Assets; Related Matters.

(a) Except as set forth on Schedule 4.7(a), the Company has good and marketable title to all of its property and assets, free and clear of all Liens except Permitted Liens.

(b) All equipment and other items of tangible personal property and assets of the Company (i) are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, (ii) were acquired and are usable in the Ordinary Course, and (iii) conform to all Laws applicable thereto. There is no defect or problem with any of such equipment, tangible personal property or assets, other than ordinary wear and tear. No Person other than the Company owns any equipment or other tangible personal property or assets situated on the premises of the Company, except for the leased items that are subject to personal property leases. Except as set forth on Schedule 4.7(b), since August 31, 2024, the Company has not sold, transferred, or disposed of any assets, other than sales of inventory in the Ordinary Course. Schedule 4.7(c) sets forth a correct and complete list and general description of each item of tangible personal property of the Company (including leased personal property) having a book value of more than $10,000.

Section 4.8Financial Statements. The Financial Statements are attached as Schedule 4.8 hereto. Except as expressly noted on Schedule 4.8, the Financial Statements have been prepared in accordance with GAAP, in all material respects, from the books and records of the Company, and such books and records have been maintained on a basis consistent with GAAP. Each balance sheet included in the Financial Statements (including the related notes and schedules) fairly presents in all material respects the financial position of the Company as of the date of such balance sheet, and each statement of income and cash flows included in the Financial Statements (including any related notes and schedules) fairly presents in all material respects the results of operations and changes in cash flows of the Company for the periods set forth therein, in each case in accordance with GAAP (except as expressly noted therein or as disclosed on Schedule 4.8). Since August 31, 2024, there has been no change in any accounting (or tax accounting) policy, practice, or procedure of the Company. The Company maintains accurate books and records reflecting its assets and liabilities and maintains proper and adequate internal accounting controls sufficient to provide reasonable assurances regarding the

reliability of financial reporting and the preparation of annual financial statements for external purposes in accordance with GAAP.

Section 4.9No Undisclosed Liabilities. Except as disclosed on Schedule 4.9, the Company does not have any liability (whether absolute, accrued, contingent or otherwise) of the type that are required to be disclosed on the face of a balance sheet prepared in accordance with GAAP that is not adequately reflected or provided for in the Balance Sheet, except liabilities that have been incurred since the date of the Balance Sheet in the Ordinary Course. In addition, the Company has disclosed on Schedule 4.9 all known facts which might give rise to a claim or liability in the future.

Section 4.10Absence of Certain Changes. Since the date of the Balance Sheet and except as set forth on Schedule 4.10, there has not been (i) any Material Adverse Effect or (ii) any damage, destruction, loss or casualty to property or assets of the Company with a value in excess of $5,000, whether or not covered by insurance. Since the date of the Balance Sheet and except as set forth on Schedule 4.10, the Company has:

(a) conducted its business in the Ordinary Course;

(b) not disposed of or permitted to lapse any right to the use of any patent, trademark, trade name, service mark, license, or copyright of the Company (including any of the Company's Intellectual Property), or disposed of or disclosed to any Person, any trade secret, formula, process, technology, or know-how of the Company not heretofore a matter of public knowledge;

(c) not (i) sold or transferred any asset, other than finished goods sold in the Ordinary Course, (ii) granted, created, incurred or suffered to exist any Lien on any asset of the Company, (iii) written off as uncollectable any guaranteed check, note or account receivable, except in the Ordinary Course, (iv) written down the value of any asset or investment on the books or records of the Company, except for depreciation and amortization in the Ordinary Course or (v) cancelled any debt or waived any claim or right (except as provided in Section 4.25(a) of this Agreement);

(d) not increased in any manner the base compensation of, or entered into any new bonus or incentive agreement or arrangement with, any of its employees, officers, directors, or consultants other than in the Ordinary Course;

(e) not incurred any obligation or liability other than in the Ordinary Course;

(f) not entered into, amended, waived, failed to renew, or terminated any contract required to be disclosed pursuant to Section 4.13 other than in the Ordinary Course;

(g) not made any change in accounting or cash management procedures, policies, practices, or methods, except as required by applicable Law;

(h) not made any Tax election or changed an existing Tax election; or

(i) not entered into any contract or agreement to do any of the foregoing as set forth in clauses (b) through (h).

Section 4.11Legal Proceedings.

(a) Except as set forth on Schedule 4.11, there is no suit, action, claim, arbitration, proceeding, or investigation pending or, to the Knowledge of the Sellers, threatened against, relating to, or involving the Company or its real or personal property before any Governmental Entity or arbitrator (a "Legal Proceeding"). None of the Legal Proceedings set forth on Schedule 4.11, if finally determined adversely, is reasonably likely, individually or in the aggregate, to have a Material Adverse Effect. The Company is not

subject to any judgment, decree, injunction, rule or order of any court or arbitration panel. No Person has filed or, to the Knowledge of the Sellers, has threatened to file against the Company a claim or action relating to any of the Company's assets or businesses under any federal or state whistleblower statute, including the False Claims Act (31 U.S.C. § 3729 et seq.).

(b) There are no suits, actions, claims, proceedings, or investigations pending or, to the Knowledge of the Sellers, threatened against, relating to, or involving the Sellers, or either of them, which could reasonably be expected to adversely affect the Sellers' ability to consummate the transactions contemplated by this Agreement or the Seller Ancillary Documents.

Section 4.12Compliance with Law. The Company is (and has been at all times during the past five (5) years) in compliance in all respects with all applicable Laws (including applicable Laws relating to zoning, environmental matters and the safety and health of employees). Except as set forth on Schedule 4.12, (i) the Company has not been charged with, nor received any written notice that it is under investigation with respect to, and the Company is not otherwise now under investigation with respect to, any violation of any applicable Law or other requirement of a Governmental Entity, (ii) the Company is not a party to, or bound by, any order, judgment, decree, injunction, ruling or award of, any Governmental Entity or arbitrator and (iii) the Company has filed all reports and has all Licenses required to be filed with any Governmental Entity.

Section 4.13Company Contracts.

(a) Schedule 4.13(a) sets forth a correct and complete list of the following contracts to which the Company is a party, by which the Company or any of its property is subject, or by which the Company is otherwise bound, whether oral or written (collectively, the "Company Contracts") (other than the Employment Agreements set forth on Schedule 4.15, the Company Benefit Plans set forth on Schedule 4.16 and the insurance policies set forth on Schedule 4.18):

(i) all bonds, debentures, notes, loans, credit or loan agreements or loan commitments, mortgages, indentures, guarantees or other contracts relating to the borrowing of money or binding upon any properties or assets (real, personal, or mixed, tangible, or intangible) of the Company;

(ii) all leases relating to the Leased Real Property or other leases or licenses involving any properties or assets (whether real, personal, or mixed, tangible, or intangible);

(iii) all contracts and agreements that (A) limit or restrict the Company or any of its officers, directors, employees, Sellers or other equity holders, agents, or representatives (in their capacity as such) from engaging in any business or other activity in any jurisdiction; (B) create or purport to create any exclusive or preferential relationship or arrangement; or (C) otherwise restrict or limit the ability of the Company to operate or expand its Business;

(iv) all contracts and agreements for capital expenditures or the acquisition or construction of fixed assets requiring the payment by the Company of an amount in excess of $10,000, individually or in the aggregate;

(v) all contracts and agreements that provide for an increased payment or benefit, or accelerated vesting, upon the execution hereof, or the Closing, or in connection with the transactions contemplated hereby;

(vi) all contracts and agreements granting any Person a Lien on all or any part of any asset;

(vii)all contracts and agreements for the cleanup, abatement, or other actions in connection with any Hazardous Materials, the remediation of any existing environmental condition or relating to the performance of any environmental audit or study;

(viii)all contracts and agreements granting to any Person an option or a first refusal, first-offer, or similar preferential right to purchase or acquire any assets;

(ix) all contracts and agreements with any agent, distributor or representative that are not terminable without penalty on thirty (30) days' or less notice; and

(x) all joint venture or partnership contracts and all other contracts providing for the sharing of any profits.

Section 4.14Tax Returns; Taxes.

(a) All returns, declarations, reports, information returns and statements, and other documents relating to Taxes (including amended returns and claims for refund) (collectively, "**Tax Returns**") required to be filed by the Company on or before the Closing Date have been timely filed. Such Tax Returns are true, correct, and complete in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been timely paid. No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company. Copies of all Tax Returns and examination reports of the Company have been delivered to Purchaser, along with statements of deficiencies assessed against, or agreed to by, the Company, for all Tax periods ending after December 15, 2022.

(b) The Company has not been a member of an affiliated, combined, consolidated, or unitary Tax group for Tax purposes. The Company has no liability for Taxes of any Person (other than the Company) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local, or foreign Law), as transferee or successor, by contract, or otherwise.

(c) There are no liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(d) No Seller is a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. The Company is not, nor has it been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period in Section 897(c)(1)(a) of the Code.

(e) The Company has no liability (including any repayment obligation) in connection with its application for or receipt and use of any "employment retention credit" within the meaning of Section 2301 of the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. 116-136) and the programs, rules and regulations promulgated thereunder, or any other credit applicable to employment Taxes under the Families First Coronavirus Response Act.

Section 4.15Officers and Employees. Schedule 4.15 contains a correct and complete list of (a) all of the officers of the Company, specifying their position, annual rate of compensation, work location, length of service, and other benefits provided to each of them, respectively, and (b) all of the employees (whether full-time, part-time or otherwise) and independent contractors of the Company, specifying their position, status, annual salary, hourly wages, work location, length of service, other benefits provided to each of them, respectively, consulting or other independent contractor fees, together with an appropriate notation next to the name of any officer or other employee on such list who is subject to any written Employment Agreement or any other written term sheet or other document describing the terms or conditions of employment of such employee or independent contractor or of the rendering of services by such independent contractor. Except as set forth on Schedule 4.15, the Company is not a party to or bound by any Employment Agreement. The Sellers have provided to the Purchaser correct and complete copies of each Employment Agreement to which the Company

is a party, or by which it is otherwise bound. Each such Employment Agreement is legal, valid, binding, and enforceable in accordance with its respective terms with respect to the Company. There is no existing default or breach by the Company under any Employment Agreement (or event or condition that, with notice or lapse of time or both, could constitute a default or breach) and there is no such default (or event or condition that, with notice or lapse of time or both, could constitute a default or breach) with respect to any third party to any Employment Agreement. Neither the Company nor the Sellers have received a claim from any Governmental Entity to the effect that the Company has improperly classified as an independent contractor any Person named on Schedule 4.15. Except as reflected in the Post-Closing Employment Agreement, neither the Company nor the Sellers have made any verbal commitments to any officer, employee, former employee, consultant, or independent contractor of the Company with respect to compensation, promotion, retention, termination, severance, or similar matters in connection with the transactions contemplated hereby or otherwise. Except as indicated on Schedule 4.15, all officers and employees of the Company are active.

Section 4.16Company Benefit Plans.

(a) Schedule 4.16(a) contains a true and complete list of each "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 (as amended, and including the regulations thereunder, "ERISA"), whether or not written and whether or not subject to ERISA, and each supplemental retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, equity, change in control, retention, severance, salary continuation, and other similar agreement, plan, policy, program, practice, or arrangement which is or has been established, maintained, sponsored, or contributed to by the Company or under which the Company has or may have any liability (each, a "Benefit Plan").

(b) For each Benefit Plan, accurate, current, and complete copies of each of the following have been made available to Purchaser: (i) the plan document with all amendments, or if not reduced to writing, a written summary of all material plan terms; (ii) any written contracts and arrangements related to such Benefit Plan, including trust agreements or other funding arrangements, and insurance policies, certificates, and contracts; (iii) in the case of a Benefit Plan intended to be qualified under Section 401(a) of the Code, the most recent favorable determination or national office approval letter issued by the Internal Revenue Service and any legal opinions issued thereafter with respect to the Benefit Plan's continued qualification; (iv) the most recent Form 5500 filed with respect to such Benefit Plan; and (v) any material notices, audits, inquiries, or other correspondence from, or filings with, any Governmental Entity or authority relating to the Benefit Plan.

(c) Each Benefit Plan and related trust has been established, administered, and maintained in accordance with its terms and in compliance with all applicable Laws (including ERISA and Section 1445 of the Internal Revenue Code of 1986 (as amended, the "Code"). Nothing has occurred with respect to any Benefit Plan that has subjected or could subject the Company or, with respect to any period on or after the Closing Date, Purchaser, or any of its Affiliates, to a civil action, penalty, surcharge, or Tax under applicable Law or which would jeopardize the previously-determined qualified status of any Benefit Plan. All benefits, contributions, and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles. Benefits accrued under any unfunded Benefit Plan have been paid, accrued, or adequately reserved for to the extent required by GAAP.

(d) The Company has not incurred and does not reasonably expect to incur: (i) any under Title I or Title IV of ERISA, any related provisions of the Code, or applicable Law relating to any Benefit Plan; or (ii) any liability to the Pension Benefit Guaranty Corporation. No complete or partial termination of any Benefit Plan has occurred or is expected to occur.

(e) The Company has not now or at any time within the previous six years contributed to, sponsored, or maintained: (i) any "multiemployer plan" as defined in Section 3(37) of ERISA; (ii) any "single-employer plan" as defined in Section 4001(a)(15) of ERISA; (iii) any "multiple employer plan" as defined in Section 413(c) of the Code; (iv) any "multiple employer welfare arrangement" as defined in Section 3(40) of

ERISA; (v) a leveraged employee stock ownership plan described in Section 4975(e)(7) of the Code; or (vi) any other Benefit Plan subject to required minimum funding requirements.

(f) Other than as required under Sections 601 to 608 of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree welfare benefits to any individual for any reason.

(g) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will, either alone or in combination with any other event: (i) entitle any current or former director, officer, employee, independent contractor, or consultant of the Company to any severance pay, increase in severance pay, or other payment; (ii) accelerate the time of payment, funding, or vesting, or increase the amount of compensation (including stock-based compensation) due to any such individual; (iii) limit or restrict the right of the Company to amend or terminate any Benefit Plan; (iv) increase the amount payable under any Benefit Plan; (v) result in any "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (vi) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code.

Section 4.17[Intentionally Omitted].

Section 4.18Insurance Policies. Schedule 4.18(a) sets forth a list of all policies of insurance maintained (currently maintained or held within the last five (5) years), owned or held by the Company (collectively, the "Insurance Contracts"), including the policy limits or amounts of coverage, deductibles or self-insured retentions, and annual premiums with respect thereto; provided, however, that, notwithstanding the foregoing, with respect to any workers' compensation Insurance Contracts maintained, owned or held by the Company, Schedule 4.18(a) sets forth a list of such workers' compensation Insurance Contracts currently maintained or held within the last two (2) years, including the policy limits or amounts of coverage, deductibles or self-insured retentions, and annual premiums with respect thereto. Such Insurance Contracts are valid and binding in accordance with their terms, are in full force and effect, are in amounts sufficient for all requirements of Law and contracts to which the Company is a party or by which it is bound, and the Insurance Contracts will continue in effect after the Closing Date. Similar coverage to the coverage set forth in the Insurance Contracts has been maintained on a continuous basis for the last ten (10) years. Except as set forth in Schedule 4.18(b), The Company has not received written notice that (i) it has breached or defaulted under any of such Insurance Contracts, (ii) that any event has occurred that would permit termination, modification, acceleration, or repudiation of such Insurance Contracts, or (iii) of termination or cancellation of any such Insurance Contract. Except as set forth in Schedule 4.18(c), the Company is not in default (including a failure to pay an insurance premium when due) in any material respect with respect to any Insurance Contract, nor has the Company failed to give any notice of any material claim under such Insurance Contract in due and timely fashion, nor has the Company ever been denied or turned down for insurance coverage. No insurer has put the Company on notice that coverage will be denied, nor has any such coverage been denied, with respect to any claim submitted to such insurer by the Company in the last three (3) years. There are no claims by the Company pending under any of such Insurance Contracts as to which coverage has been questioned, denied, or disputed by the underwriters of such Insurance Contracts or in respect of which such underwriters have reserved their rights.

Section 4.19Environmental, Health and Safety Matters. Except as set forth on Schedule 4.19:

(a) the Company has not been alleged to be in violation of, and has not been subject to any administrative or judicial proceeding pursuant to, applicable Environmental Laws either now or any time during the past five (5) years;

(b) the Company is not subject to any claim, obligation, liability, loss, damage or expense of any kind or nature whatsoever, contingent or otherwise, incurred or imposed or based upon any provision of any Environmental Law or arising out of any act or omission of the Company, or the Company's employees, agents or representatives or arising out of the ownership, use, control or operation by the Company of any plant,

facility, site, area or property (including any plant, facility, site, area or property currently or previously owned or leased by the Company) from which any Hazardous Materials were released;

(c) the Company has made available to the Purchaser correct and complete copies of all reports, correspondence, memoranda, computer data and the complete files relating to environmental matters of the Company; and the Company has not paid any fine, penalty or assessment within the prior five (5) years with respect to environmental matters; and

(d) to the Knowledge of the Sellers, no Leased Real Property, improvement, or equipment of the Company contains any asbestos, polychlorinated biphenyls, underground storage tanks, open or closed pits, sumps, or other containers.

Section 4.20Intellectual Property

(a) Schedule 4.20(a) contains a list of all Company Registered Intellectual Property, which identifies each item of Company Registered Intellectual Property by serial number, registration number or other unique identifier, filing date, grant date or registration date and the relevant jurisdiction.

(b) Schedule 4.20(b) contains a list of all Company Intellectual Property other than the Company Intellectual Property set forth on Schedule 4.20(a), 4.20(e) or 4.21.

(c) No Company Intellectual Property owned by the Company or product or service used by the Company related to Company Intellectual Property is subject to any proceeding or outstanding decree, order, judgment, agreement, or stipulation (i) restricting in any manner the use, transfer, sale, or licensing thereof by the Company or (ii) that may affect the validity, registrability, ownership, use or enforceability of the Company Intellectual Property. Each item of Company Registered Intellectual Property is valid and subsisting. All necessary registration, maintenance and renewal fees currently due in connection with Company Registered Intellectual Property have been made and all necessary documents, recordations and certifications in connection with such Company Registered Intellectual Property have been filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purpose of maintaining the Company Registered Intellectual Property.

(d) The operations of the Company as currently conducted and as proposed to be conducted, including the Company's design, development, manufacture, marketing, distribution, and sale of the products of the Company (including with respect to products currently under development), has not, does not and shall not infringe or misappropriate in any manner the Intellectual Property of any third party or constitute unfair competition or trade practices under the Laws of any jurisdiction.

(e) Neither of the Sellers have Knowledge of, and have not received written notice of or any other overt threat from any third party, that the operation of the Company as it is currently conducted and as proposed to be conducted, or any act, product, or service of the Company, infringes or misappropriates the Intellectual Property of any third party or constitutes unfair competition or trade practices under the Laws of any jurisdiction. None of the Company Intellectual Property owned by the Company is subject to any outstanding order, ruling, decree, judgment, or stipulation by or with any court, tribunal, arbitrator, or other Governmental Entity, or has been the subject of any litigation within the last ten (10) years, whether or not resolved in favor of the Company.

(f) No Person has during the past three (3) years or is currently infringing or misappropriating any Company Intellectual Property owned by the Company. The Company has not during the past three (3) years and is not currently infringing or misappropriating the Intellectual Property of any third party.

(g) The Company has taken reasonable steps to protect and maintain the rights of the Company in the Confidential Information and any trade secret or confidential information of third parties used

by the Company, and, without limiting the generality of the foregoing, the Company has enforced a policy requiring each employee and contractor to execute a proprietary information/confidentiality agreement in substantially the form provided to the Purchaser, and, except under confidentiality obligations, there has not been any disclosure by the Company of any Confidential Information or any such trade secret or confidential information of third parties.

(h) Except as set forth on Schedule 4.20(h), there are no royalties, fees, honoraria or other payments payable by the Company or the Sellers to any Person by reason of the ownership, development, use, license, sale or disposition of the Company's Intellectual Property, other than salaries and sales commissions paid to employees and sales agents in the Ordinary Course and end user license or subscription fees not exceeding $5,000 on an annual basis for off-the-shelf, commercially available software programs. All royalties, license fees, charges, and other amounts payable by, on behalf of, to or for the account of Company Intellectual Property are reflected in the Financial Statements.

Section 4.21 Amounts owed to Seller. Except as set forth on Schedule 4.21, the Company is not obligated to pay the Sellers any amount, including any salary and employee benefits, accrued prior to the Closing.

Section 4.22 Supplier Relations. Schedule 4.22 contains a correct and complete list of the names and addresses of the Suppliers. The Company maintains good relations with each of its Suppliers, and no event has occurred that could materially and adversely affect the Company's relations with any Supplier. Except as set forth on Schedule 4.22, no Supplier has during the last twelve (12) months cancelled, terminated, or made any threat to cancel or otherwise terminate any of its contracts with the Company or to decrease its supply of the Company's products of the Business. Neither Seller has any Knowledge to the effect that any current Supplier may terminate or materially alter its business relations with the Company, either as a result of the transactions contemplated hereby or otherwise.

Section 4.23 Accounts Receivable. The Sellers have delivered to the Purchaser a correct and complete schedule of the Receivables showing the amount of each Receivable and an aging of amounts due thereunder, which schedule is correct and complete as of that date. Except as set forth on Schedule 4.23, the debtors to whom the Receivables relate are not in or subject to a bankruptcy or insolvency proceeding and none of the Receivables have been made subject to an assignment for the benefit of creditors. Except as set forth on Schedule 4.25, all such Receivables are current and there are no disputes regarding the collectability of any such Receivables. Except as set forth on Schedule 4.23, all Accounts Receivable on the Final Working Capital Schedule (net of any reserves shown thereon) (i) are valid, existing and collectible in a manner consistent with the Company's past practice without resort to legal proceedings or collection agencies, (ii) represent monies due for goods sold and delivered or services rendered in the Ordinary Course, and (iii) are not subject to any refund or adjustment or any defense, right of set-off, assignment, restriction, security interest or other Lien. The Company has not factored any of its Receivables.

Section 4.24 Product Warranties and Guaranties.

(a) Except as set forth on Schedule 4.24, the Company does not make any express warranty or guaranty as to goods sold by the Company (a "Warranty"), and there is no pending or, to the Knowledge of the Sellers, threatened claim alleging any breach of any Warranty. Except as set forth on Schedule 4.24, the Company does not have any exposure to, or liability under, any Warranty (i) beyond that which is typically assumed in the ordinary course of business by Persons engaged in businesses comparable in size and scope of the Company, or (ii) that would have a Material Adverse Effect.

(b) Except as set forth on Schedule 4.24, adequate reserves for any expense to be incurred by the Company as a result of any Warranty granted prior to the Closing will be reflected on the Final Working Capital Schedule.

Section 4.25Brokers, Finders, and Investment Bankers. Except as set forth on Schedule 4.25, neither the Company, the Sellers, nor any officer, director or employee of the Company or any Affiliate of the Company, has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees, finder's fees, or similar fees in connection with the transactions contemplated hereby ("Broker Fees"); any and all Broker Fees will be paid by the Sellers and none of the Purchaser, the Company or any Affiliates thereof (other than the Sellers) will have any liability for any Broker Fees.

Section 4.26Bank Accounts. Schedule 4.26 sets forth a correct and complete list and description of all bank accounts used by the Company.

Section 4.27Seller Guarantees. Except as otherwise disclosed on Schedule 4.27, no Seller has guaranteed any obligations of the Company under any guarantee, letter of credit, bid bond or performance bond.

Section 4.28Restrictions on Business Activities. Except as set forth on Schedule 4.28, there is no contract, agreement, judgment, injunction, order, or decree to which the Company is a party or otherwise binding upon the Company which has or could be expected to have the effect of prohibiting or impairing any practice or conduct of the Business.

Section 4.29Solvency. Neither the Company, the Sellers, nor their respective Affiliates have stopped or suspended payment of their respective debts, become unable to pay their debts when due or otherwise become insolvent in any jurisdiction. Neither the Company, the Sellers, nor their respective Affiliates are the subject of any pending, rendered or, to the Knowledge of the Sellers, threatened solvency proceedings of any character. Neither the Company, the Sellers, nor their respective Affiliates has made an assignment for the benefit of creditors or taken any action with a view to or that would constitute a valid basis for the institution of any such insolvency proceedings.

Section 4.30Disclosure. No representation, warranty or covenant made by the Sellers in this Agreement, the Schedules or the Exhibits or any Seller Ancillary Document contains an untrue statement of a material fact or omits to state a material fact required to be stated herein or therein necessary to make the statements contained herein or therein not misleading.

NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO PURCHASER OR ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS, CONFIDENTIAL INFORMATION MEMORANDA, MANAGEMENT PRESENTATIONS OR OTHER SUPPLEMENTAL DATA), EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN ARTICLE 4, THE SELLERS EXPRESSLY DISCLAIM ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE SHARES OR BUSINESSES OR ASSETS OF THE COMPANY, OR THE ACCURACY OR COMPLETENESS OF ANY SUCH DOCUMENTATION OR OTHER INFORMATION SO PROVIDED, OR OTHERWISE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 4.31Securities Law Compliance. In formulating a decision to enter into this Agreement with respect to the receipt of the Stock Consideration and the Earn-Out Shares (if any) by the Sellers, each Seller and the equityholders of any Seller, as applicable (the "Stockholders") has relied solely upon (i) the provisions of this Agreement, (ii) an independent investigation of the Purchaser and its subsidiaries' respective businesses and (iii) consultation with his, her or its legal and financial advisors with respect to this Agreement and the nature of his, her or its investment. Each Seller and each Stockholder is financially able to hold the Stock Consideration and Earn-Out Shares (if any) for long-term investment, believes that the nature and amount of the Stock Consideration and Earn-Out Shares (if any) being received are consistent with his, her or its overall investment program and financial position, and recognizes that there are substantial risks involved in the ownership of the Stock Consideration and Earn-Out Shares. Each Seller and each Stockholder confirms that (a) he, she or it is

familiar with the business of the Purchaser and its subsidiaries, and has read and understood the filings made by Purchaser with the Securities and Exchange Commission, including Purchaser's annual report on Form 10-K for the year ended December 31, 2023 and all subsequently-filed quarterly reports on Form 10-Q and current reports on Form 8-K (the "SEC Filings"), (b) he, she or it has received certain financial information about the Purchaser and its subsidiaries (including the information contained in the SEC Filings) and has had the opportunity to ask questions of the officers and directors of the Purchaser and to obtain (and that each Seller and each Stockholder has received to his, her or its satisfaction) such information about the business and financial condition of the Purchaser as he, she or it has reasonably requested, (c) he, she or it is an accredited investor (as defined under Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act")) and/or has such knowledge and experience in financial and business matters and that he, she or it is capable of evaluating the merits and risks of the prospective investment in the Stock Consideration and Earn-Out Shares (if any), and (d) neither any Seller nor any entity that controls a Seller or is under the control of, or under common control with, a Seller, is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) through (viii), as modified by Rules 506(d)(2) and (d)(3), under the Securities Act.

ARTICLE 5
[INTENTIONALLY OMITTED]

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Sellers as follows:

Section 6.1Organization. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

Section 6.2Authorization. The Purchaser has full company power and authority to execute and deliver this Agreement and the Purchaser Ancillary Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Purchaser Ancillary Documents by the Purchaser, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation of the transactions provided for herein and therein have been duly and validly authorized by all necessary corporate action on the part of the Purchaser. This Agreement and the Purchaser Ancillary Documents have been duly executed and delivered by the Purchaser and constitute the valid and binding agreements of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, subject to applicable bankruptcy insolvency and other similar Laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of course in granting equitable remedies.

Section 6.3Absence of Restrictions and Conflicts. The execution, delivery and performance of this Agreement and the Purchaser Ancillary Documents, the consummation of the transactions contemplated hereby and thereby and the fulfillment of, and compliance with, the terms and conditions hereof and thereof do not, with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, (a) any term or provision of the charter documents of the Purchaser, (b) any contract to which the Purchaser is a party, (c) any judgment, decree or order of any Governmental Entity to which the Purchaser is a party or by which the Purchaser or any of its properties is bound, or (d) any statute, law, rule or regulation applicable to the Purchaser unless, in each case, such violation, conflict, breach, default, loss of benefit or accelerated obligation would not, either individually or in the aggregate, have a material adverse impact on the ability of the Purchaser to consummate the transactions contemplated hereby, or by the Purchaser Ancillary Documents.

Section 6.4Litigation. There is no action, suit, arbitration or proceeding pending or, to Purchaser's knowledge, threatened against or by Purchaser or any Affiliate of Purchaser that challenges or seeks

to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred, or circumstances exist that may give rise or serve as a basis for any such action, suit, arbitration or proceeding.

Section 6.5Finders' Fees. There is no investment banker, broker, finder, or other intermediary that has been retained by or is authorized to act on behalf of the Purchaser or any Affiliate thereof, who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement or any Purchaser Ancillary Agreement other than fees (if any) that will be paid by the Purchaser or its Affiliates and for which the Sellers and their Affiliates will have no responsibility to pay.

Section 6.6Investment Intent. The Purchaser is acquiring the Shares for its own account for investment purposes only and not with a view to any public distribution thereof or with any intention of selling, distributing or otherwise disposing of the Shares in a manner that would violate the registration requirements of the Securities Act. The Purchaser agrees that the Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any applicable state securities Laws, except pursuant to an exemption from such registration under the Securities Act and such state securities Laws. The Purchaser is able to bear the economic risk of holding the Shares for an indefinite period of time (including total loss of its investment), and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

Section 6.7Financial Capacity. Purchaser has, and will have at Closing, sufficient cash on hand, together with borrowings available under existing revolving credit facilities, to pay the Cash Consideration, and pay any and all fees and expenses required to be paid by Purchaser in connection with the transactions contemplated by this Agreement.

Section 6.8Purchaser's Investigation. The Purchaser is a sophisticated purchaser and has on its own and through its representatives conducted its own comprehensive investigation, due diligence, review, and analysis regarding the Company, the Sellers, and the transactions contemplated by this Agreement and the Ancillary Documents. The Purchaser and its representatives have been provided with reasonable access to the representatives, properties, offices, facilities, and books and records of the Company and all other information (including the information necessary to determine whether to enter into this Agreement) that they have requested in connection with their investigation of the Company and the transactions contemplated by this Agreement and the Ancillary Documents.

ARTICLE 7
CERTAIN COVENANTS AGREEMENTS

Section 7.1Public Announcements. The Company and the Sellers shall consult with the Purchaser regarding the timing and content of all announcements regarding this Agreement or the transactions contemplated hereby to the financial community, Governmental Entities, employees, customers, suppliers, or the general public and shall use reasonable efforts to agree upon the text of any such announcement prior to its release. Notwithstanding the foregoing, without the prior written consent of the Purchaser, neither the Company nor any Seller shall at any time disclose to any Person the fact that this Agreement has been entered into or any of the terms of this Agreement other than to such Parties' advisors who the Company or the Sellers, as applicable, reasonably determine(s) needs to know such information for the purpose of advising the Company or the Sellers, it being understood that such advisor will be informed of the confidential nature of this Agreement and the terms of this Agreement and will be directed to treat such information as confidential in accordance with the terms of this Agreement.

Section 7.2Tax Matters.

(a) Filing of Tax Returns. The Sellers shall control the preparation and filing of all tax returns that are required to be filed by or with respect to the Company and for pre-closing tax periods (collectively, "Seller Prepared Returns"); provided, however, if any Seller Prepared Return is to be filed after

the Closing Date and the Sellers are not authorized to execute and file such Tax Return by applicable law, Purchaser shall execute and file (or cause to be filed) such Seller Prepared Return with the appropriate taxing authority. All such Seller Prepared Returns shall be prepared and filed in a manner consistent with past practice of the Company, except as required by applicable law or unless tax advisors to the Sellers conclude that a tax return cannot be so prepared without incurring penalties. The Sellers shall provide the Purchaser with copies of completed drafts of such tax returns no later than thirty (30) days prior to the due date for filing thereof (including applicable extensions) for Purchaser's review and comment and shall consider in good faith all comments received no later than fifteen (15) days prior to the due date for filing thereof (including applicable extensions). Other than Seller Prepared Returns described above, Purchaser will prepare, or cause to be prepared, and timely file, or cause to be timely filed, all tax returns for the Company for Straddle Periods. Such tax returns shall be prepared in a manner consistent with past practice of the Company, except as otherwise required by applicable law or unless tax advisors to Purchaser conclude that a tax return cannot be so prepared without incurring penalties.

(b) Payment of Taxes. Not later than five (5) days prior to the due date for the payment of taxes on any tax return which Purchaser has the responsibility file or to cause to be filed pursuant to Section 7.2(a), the Sellers shall pay to Purchaser the amount of taxes, as reasonably determined by Purchaser, owed by the Sellers pursuant to the provisions of Section 7.2(c). Any amounts deemed due in accordance with this Section 7.2(b) shall be offset by any tax prepayments made by Company prior to the Closing Date and applicable to the tax year in question. To the extent such tax prepayments are greater than amounts deemed owed hereunder, the same shall be reimbursed to the Sellers.

(c) Straddle Period Tax Allocation. Any liability for taxes attributable to any taxable period that begins on or before and ends after the Closing Date (a "Straddle Period") shall be apportioned between the portion of such period ending on or prior to the Closing Date and the portion beginning after the Closing Date (a) in the case of business personal property and ad valorem Taxes, by apportioning such taxes on a per diem basis and (b) in the case of all other taxes, on a closing of the books basis, provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be apportioned on a per diem basis.

(d) Tax Sharing Agreements. Any Tax sharing agreement with respect to or involving the Company has been terminated and shall have no further effect for any taxable year (whether the current year, a future year, or a past year).

(e) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be paid by the Sellers when due, and the Sellers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable Law, the Purchaser will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

Section 7.3Stock Consideration and Earn-Out Leak-Out. Each Seller agrees that it will not on a single trading day sell, transfer, trade or otherwise dispose of any shares of the Purchaser's common stock in an amount exceeding the greater of (a) fifteen percent (15%) of the Purchaser's common stock sold in the aggregate based on the greater of the preceding or current trading day, and (b) $3,000 gross value of the shares of the Purchaser's stock sold by all of the Sellers in the aggregate.

Section 7.4Indemnification of Directors, Officers and Members. From the Closing through the sixth (6th) anniversary of the Closing, the Purchaser shall cause the Company to to fulfill and honor in all respects the obligations of the Company, including obligations to indemnify, compensate, reimburse, hold harmless, exculpate, or advance expenses, to each Person who was or is made a party or threatened to be made a party to or is involved in any proceeding by reason of the fact that such person is or was at any time prior to the Closing, a director, officer or employee of the Company (each, a "Company Indemnified Person"), against all debts,

losses, claims, damages, costs, fines, judgments, awards, penalties, interest, obligations, payments, settlements, suits, demands, expenses and liabilities reasonably incurred or suffered by such Company Indemnified Person in connection therewith, whether claimed prior to, at or after the Closing. From the Closing through the sixth (6th) anniversary of the Closing, the organizational documents of the Company shall contain, and Purchaser shall cause the organizational documents of the Company to so contain, provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of present and former Company Indemnified Persons than are set forth in the organizational documents of the Company as of the Closing Date. If the Company or any of its successors or assigns (a) consolidates with or merges with or into any other Person and shall not be the continuing or surviving entity, partnership or other entity of such consolidation or merger or (b) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Company assume the obligations set forth in this Section 7.4. Notwithstanding the foregoing (i) the foregoing obligations of this Section 7.4 shall be subject to any limitation imposed by applicable Laws, and (ii) no Company Indemnified Person shall have any right of contribution, indemnification or right of advancement from Purchaser, any Affiliate of Purchaser or their respective successors with respect to any Purchaser Losses claimed by any of the Purchaser Indemnified Parties against such Company Indemnified Person in his or her capacity as an indemnitor pursuant to this Section 9.1 of this Agreement. The rights of each Company Indemnified Person under this Section 7.4 shall be enforceable by each such Company Indemnified Person or his or her heirs, personal representatives, successors or assigns.

Section 7.5Confidentiality. From and after the Closing, each Seller shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its respective representatives and agents to hold, in confidence any and all information, whether written or oral, concerning the Company, except to the extent that such Seller can show that such information (a) is generally available to and known by the public through no fault of any Seller, any of their Affiliates or their respective representatives and agents; or (b) is lawfully acquired by such Seller from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If such Seller or any of its Affiliates or their respective representatives or agents are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such Seller shall promptly notify Purchaser in writing and shall disclose only that portion of such information which such Seller is advised by its counsel in writing is legally required to be disclosed, provided that such Seller shall use reasonable best efforts to obtain (or cooperate with Purchaser in its attempt to obtain) an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 7.6Conduct of Business Prior to Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), the Sellers shall cause the Company to, and the Company shall (x) conduct its Business in the ordinary course of business consistent with past practice; and (y) use reasonable best efforts to maintain and preserve intact the current organization, business and franchise of the Company and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with the Company. Without limiting the foregoing, from the date hereof until the Closing Date, the Sellers shall cause the Company to, and the Company shall:

(a) preserve and maintain all of its permits;

(b) pay its debts, Taxes and other obligations when due;

(c) maintain the properties and assets owned, operated or used by the Company in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) continue in full force and effect without modification all Company insurance policies, except as required by applicable Law;

(e) defend and protect its properties and assets from infringement or usurpation;

(f) perform all of its obligations under all Company Contracts relating to or affecting its properties, assets or business;

(g) maintain its books and records in accordance with past practice;

(h) comply in all material respects with all applicable Laws;

(i) refrain from: (A) subjecting any of the Company's properties or assets to any Lien, except for Permitted Liens; (B) change the capitalization of the Company or issue any additional shares or equity interests in, or options or rights to acquire any shares or equity interests in the Company; (C) making, changing or revoking any Tax election or filing any Tax return inconsistent with past practice in any material respect; (D) increasing the compensation or benefits payable or to become payable by the Company to any of its current or former directors, officers, employees or other service providers; (E) hiring, engaging, terminating (without cause) or laying off any individual with total annual compensation in excess of $50,000; (F) sell, assign, transfer, license or otherwise convey any of the Company's material properties or assets (including intellection property), except for transfers, sales and licenses of the Company's products in the ordinary course or for purposes of disposing of obsolete or worthless assets); and (G) making any loans or advances to or capital contributions or investments in any Person; and

(j) not take or permit any action that would cause any of the changes, events or conditions described in Section 8.4 to occur.

Section 7.7Access to Information. From the date hereof until the Closing, the Sellers shall cause the Company to, and the Company shall (a) afford Purchaser and its representatives full and free access to and the right to inspect all of the properties (leased and owned), assets, premises, books and records, Company Contracts and other documents and data related to the Company; (b) furnish Purchaser and its representatives with such financial, operating and other data and information related to the Company as Purchaser or any of its representatives may reasonably request; and (c) instruct the representatives of the Company to cooperate with Purchaser in its investigation of the Company. Any investigation pursuant to this Section 7.7 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the Company. No investigation by Purchaser or other information received by Purchaser shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Sellers or the Company in this Agreement.

Section 7.8Notice of Certain Events. From the date hereof until the Closing, the Company and each Seller shall promptly notify Purchaser in writing of: (a) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by any Seller or the Company hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 8.4(a) to be satisfied; (b) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; (c) any notice or other communication from any Governmental Entity in connection with the transactions contemplated by this Agreement; and (d) any legal action, suit, arbitration, or other proceeding commenced or, to the Knowledge of the Sellers, threatened against, relating to or involving or otherwise affecting a Seller or the Company that, if pending on the date of this Agreement, would have been required to have been disclosed under this Agreement or that relates to the consummation of the transactions contemplated by this Agreement.

Section 7.9Closing Conditions. From the date hereof until the Closing, each Party shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Section 8.4. Without limiting the generality of the foregoing, Henderson shall seek the consent of Community Banks of Colorado, a division of NBH Bank ("Lender") under that certain Business Loan Agreement

dated as of September 1, 2021 by and between 1399 Horizon and Lender (the "Loan Agreement") to the transactions contemplated hereby, as well as confirmation that no default exists as of the Closing Date under the Loan Agreement (collectively, the "Lender Consent"). To the extent after using his reasonable best efforts Henderson is unable to secure the Lender Consent, Henderson shall cause 1399 Horizon to refinance the Loan Agreement with a loan or other financing arrangement that does not prohibit or limit the transactions contemplated hereby.

ARTICLE 8
CLOSING

Section 8.1Closing. The Closing shall occur at 10:00 a.m. Pacific Time, no later than five (5) Business Days after the last of the conditions to Closing set forth in Section 8.4 have been satisfied as reasonably determined by the Purchaser and the Sellers, or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date). The Closing shall take place through the exchange of documents electronically, or at such place or in such other manner as the Parties may agree in writing (the day on which the Closing takes place being the "Closing Date").

Section 8.2Seller Closing Deliveries. At or prior to the Closing, the Sellers shall have delivered, or caused to be delivered, to the Purchaser the following:

(a) original certificate(s) (if applicable) representing the Shares and accompanying powers or assignments duly executed by the Sellers, evidencing the transfer of the Shares to the Purchaser;

(b) a certificate of good standing from the Secretary of State of the State of Colorado, dated not earlier than 10 days prior to the Closing Date, as to the good standing of the Company in Colorado, and a similar certificate of good standing issuance by the Secretary of State in each other jurisdiction where the Company is qualified to do business;

(c) written consents of or notices with respect to (or waivers with respect thereto), as applicable, the third parties to those Company Contracts listed on Exhibit 8.2(d) (and all such consents, notices and waivers shall be in full force and effect on and following the Closing);

(d) the executed Non-competition Agreement;

(e) the executed Lease Agreement;

(f) the executed Pledge Agreement;

(g) the organizational record books, minute books and seal of the Company;

(h) the resignation by each of the Sellers in such Seller's capacity as an officer and director of the Company, as applicable, in a form reasonably acceptable to the Purchaser; and

(i) all other documents required to be entered into by the Company or any Seller pursuant hereto or reasonably requested by the Purchaser to convey the Shares to the Purchaser or to otherwise consummate the transactions contemplated hereby.

Section 8.3Purchaser Closing Deliveries. Contemporaneously with the execution and delivery of this Agreement, the Purchaser has delivered, or caused to be delivered, to the Sellers the following:

(a) the Closing Cash and the Stock Consideration to be paid and delivered at Closing pursuant to Section 3.1, paid and delivered in accordance with such Section;

(b) a certificate of good standing from the Secretary of the State of Delaware, dated not earlier than 10 days prior to the Closing Date, as to the good standing of the Purchaser in Delaware and a certificate by the Secretary of the Purchaser as to the effectiveness of the resolutions of the board of directors of the Purchaser authorizing the execution, delivery, and performance hereof by the Purchaser passed in connection herewith and the transactions contemplated hereby;

(c) the executed Non-competition Agreement;

(d) the executed Lease Agreement;

(e) the executed Pledge Agreement; and

(f) all other documents required to be entered into or delivered by the Purchaser at or prior to the Closing pursuant hereto.

Section 8.4Conditions to Closing.

(a) *Conditions to Purchaser Obligations to Close*. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by Purchaser, in its sole discretion), at or prior to the Closing, of the following additional conditions:

(i) Other than the representations and warranties contained in Section 4.1, Section 4.2, Section 4.3, Section 4.4, Section 4.5, Section 4.14, Section 4.16 and Section 4.25, the representations and warranties of the Company and Sellers in this Agreement or the Seller Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of the Company and Sellers contained in Section 4.1, Section 4.2, Section 4.3, Section 4.4, Section 4.5, Section 4.14, Section 4.16 and Section 4.25 shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(ii) The Company and each Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Seller Ancillary Documents to be performed or complied with by them prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, the Company and each Seller shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(iii) No action, suit or proceeding shall have been commenced against Purchaser, any Seller or the Company, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Entity, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(iv) All approvals, consents and waivers that are listed on Schedule 4.5 (if any) and Exhibit 8.2(d) shall have been received, and executed counterparts thereof shall have been delivered to Purchaser at or prior to the Closing.

(v) There shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(vi) The Sellers shall have delivered, or caused to be delivered, each of the items set forth in Section 8.2.

(b) *Conditions to Seller Obligations to Close*. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by the Sellers, in their sole discretion), at or prior to the Closing, of the following additional conditions:

(c) Other than the representations and warranties contained in Section 6.1, Section 6.2, Section 6.3, and Section 6.5, the representations and warranties of the Purchaser in this Agreement or the Purchaser Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality) or in all material respects (in the case of any representation or warranty not qualified by materiality) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Purchaser contained in Section 6.1, Section 6.2, Section 6.3, and Section 6.5 shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(d) Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Purchaser Ancillary Documents to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, Purchaser shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(e) No action, suit or proceeding shall have been commenced against Purchaser, any Seller or the Company which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Entity, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(f) All approvals, consents and waivers that are listed on Schedule 4.5 (if any) shall have been received, and executed counterparts thereof shall have been delivered to Purchaser at or prior to the Closing.

(g) Purchaser shall have delivered, or caused to be delivered, each of the items set forth in Section 8.3.

ARTICLE 9
INDEMNIFICATION

Section 9.1Indemnification Obligations of the Sellers. Each of the Sellers shall, jointly and severally, indemnify, defend and hold harmless the Purchaser Indemnified Parties from, against, and in respect of any and all demands, claims, suits, proceedings, actions, liabilities, obligations, damages, losses, costs, expenses, penalties, fines, judgments and interest (whether in equity or at law, including statutory and common) whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to:

(a) any breach or inaccuracy of any representation or warranty made by the Sellers in this Agreement or the Seller Ancillary Documents (for purposes of this Section 9.1(a), and except for the reference to "Material Adverse Effect" set forth in clause (i) of the first sentence of Section 4.10 (Absence of Certain

Changes), such representations and warranties shall be read without reference to "materiality", "Material Adverse Effect" or similar monetary and non-monetary qualifications, and such representations and warranties shall be read without reference to "Knowledge" or similar qualifications);

(b) any breach of any covenant, agreement or undertaking made by the Sellers and/or the Company in this Agreement or the Seller Ancillary Documents;

(c) claims based on violations of Law as in effect on or prior to the Closing, breach of contract, employment practices or health, safety, or environmental matters, in each case arising out of or relating to events which shall have occurred, or services performed, or the operation of the Company, prior to the Closing;

(d) any Company Benefit Plan in respect of or relating to any period ending on or prior to the Closing Date;

(e) (i) any Taxes of the Company with respect to any Tax period or portion thereof ending on or before the Closing (ii) any failure of the Company to file any Tax Return and pay any Tax in accordance with any applicable Law, (iii) any inaccuracy or omission in any Tax Return of the Company, or (vi) any failure of the Company to withhold any Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, Seller, or other third party;

(f) claims by the Sellers or other holder(s) of equity securities in the Company as a result of the transactions contemplated by this Agreement, other than any claims (i) relating to the Purchaser's failure to pay any portion of the Purchase Price pursuant to this Agreement, (ii) against the Purchaser or any of its Affiliates (other than the Company) unrelated in any way to the Company, or (iii) against the Purchaser arising under this Agreement or any Purchaser Ancillary Document;

(g) the operations, actions or omissions of the Company prior to the Closing, other than (i) the obligations of the Company under any contracts or agreements to which the Company is a party or otherwise bound or licenses related to or utilized in connection with the conduct of the Business (to the extent such obligations were not required to be performed on or prior to the Closing Date), and (ii) current liabilities of the Company of a type, to the extent, and in the amount that is reflected on the Final Working Capital Schedule;

(h) any Indebtedness and Transaction Expenses to the extent not paid on or prior to the Closing Date or included in the Final Working Capital Schedule;

(i) any and all actions, obligations, costs, damages, losses, claims made or incurred prior to the Closing Date by any party against the Company or the Sellers;

(j) any failure of the Company (i) to own or possess any License that is necessary to enable it to carry on its operations as presently conducted and as proposed to be conducted ("Necessary Licenses") and maintain such Necessary License as valid, binding and in full force and effect at any time prior to and including the Closing Date; or (ii) to obtain consent from, or provide notice to, any Governmental Entity in connection with the execution, delivery and performance of this Agreement with respect to any Necessary License; and

(k) any (i) adverse effect of the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby on any Necessary License; or (ii) loss or expiration of any Necessary License that was pending or, to the Knowledge of the Sellers, threatened or reasonably foreseeable (other than expiration upon the end of any term) as of the Closing Date.

The demands, claims, suits, proceedings, actions, liabilities, obligations, damages, losses costs, expenses, penalties, fines, judgments and interest (whether in equity or at law, including statutory and common) whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable

attorneys' fees and expenses) of the Purchaser Indemnified Parties described in this Section 9.1 as to which the Purchaser Indemnified Parties are entitled to indemnification are collectively referred to as "Purchaser Losses."

Section 9.2Indemnification Obligations of the Purchaser. The Purchaser shall indemnify, defend and hold harmless the Seller Indemnified Parties from, against, and in respect of any and all demands, claims, suits, proceedings, actions, liabilities, obligations, damages, losses costs, expenses, penalties, fines, judgments and interest (whether in equity or at law, including statutory and common) whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to:

(a) any breach or inaccuracy of any representation or warranty made by the Purchaser in this Agreement or in any Purchaser Ancillary Document; or

(b) any breach of any covenant, agreement or undertaking made by the Purchaser in this Agreement or in any Purchaser Ancillary Document.

The demands, claims, suits, proceedings, actions, liabilities, obligations, damages, losses costs, expenses, penalties, fines, judgments and interest (whether in equity or at law, including statutory and common) whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) of the Seller Indemnified Parties described in this Section 9.2 as to which the Seller Indemnified Parties are entitled to indemnification are collectively referred to as "Seller Losses."

Section 9.3Offset Rights. Any indemnification obligation of the Sellers pursuant to this Article IX shall be satisfied first from the Holdback Amount and, if the Holdback Amount is insufficient or has been fully offset against Purchaser Losses or offset pursuant to Section 3.6(f), then by the Sellers jointly and severally upon demand by the Purchaser. Notwithstanding any term or provision of this Agreement to the contrary, the Purchaser shall also have the right, at its election, to offset any Earn-Out Payment otherwise due and payable for purposes of satisfying and to the extent of any Purchaser Losses hereunder and to withhold such Earn-Out Payment pending resolution of any Purchaser indemnification claims until such claims and any resulting Purchaser Losses are finally determined in accordance with the terms hereof.

Section 9.4Waiver of Damages. Notwithstanding anything to the contrary elsewhere in this Agreement, no party shall, in any event, be liable to any other Person for any special, exemplary or punitive damages of such other Person, relating to the breach or alleged breach hereof, except to the extent such damages are payable to a third party.

Section 9.5Exclusive Remedy. The remedies provided in this Article 9 shall constitute the sole and exclusive remedies available to the Purchaser with respect to any claim relating to this Agreement, the Ancillary Documents or the transactions contemplated hereby or thereby and the facts and circumstances relating and pertaining hereto (whether such claim shall be made in contract, breach of warranty, tort, non-performance of any obligation or otherwise), other than disputes to be resolved pursuant to Section 3.6 and other than claims of fraud or intentional misconduct.

ARTICLE 10
TERMINATION

Section 10.1Termination. This Agreement may be terminated at any time prior to the Closing:

(a) By the mutual written consent of the Sellers and Purchaser;

(b) By Purchaser by written notice to the Sellers if:

(i) Purchaser is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Sellers or the Company pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 8(a) and such breach, inaccuracy or failure has not been cured by the Sellers or the Company within fifteen (15) days of the Sellers' receipt of written notice of such breach from Purchaser; or

(ii) any of the conditions set forth in Section 8(a) shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by January 15, 2025, unless such failure shall be due to the failure of Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) By Sellers by written notice to Purchaser if:

(i) none of the Sellers or the Company are then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchaser pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 8(b) and such breach, inaccuracy or failure has not been cured by Purchaser within fifteen (15) days of the Sellers' receipt of written notice of such breach from Purchaser; or

(ii) any of the conditions set forth in Section 8(b) shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by January 15, 2025, unless such failure shall be due to the failure of Sellers or the Company to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by any of them prior to the Closing.

ARTICLE 11
MISCELLANEOUS PROVISIONS

Section 11.1Notices. All notices, communications and deliveries required or made hereunder must be made in writing signed by or on behalf of the Party making the same and shall be delivered personally or by a national overnight courier service or by registered or certified mail (return receipt requested), postage prepaid, as follows:

To the Purchaser:	CV Sciences, Inc. 9530 Padgett Street, Suite 107 San Diego, California 92126 Attn: Joseph D. Dowling, CEO
with a copy (*which shall not constitute notice*) to:	Brownstein Hyatt Farber Schreck, LLP 100 North City Parkway, Suite 1600 Las Vegas, Nevada 89106 Attn: Dalton Sprinkle, Esq.
To the Sellers:	Craig Henderson 19243 W. 95th Ln Arvada, CO 80007
	Higher Love Wellness Company, LLC 8547 East Arapahoe Road, Ste J #233 Greenwood Village, CO 80112-1401
	Clark Hill PLC

with a copy (*which shall not constitute notice)* to:

2595 Canyon Boulevard
Suite 210
Boulder, CO 80302
Attn: Theodore E Laszlo, Jr.

or to such other representative or at such other address of a Party as such Party may furnish to the other Parties in writing. Any such notice, communication or delivery shall be deemed given or made (a) on the date of delivery, if delivered in person, or (b) one (1) Business Day after deposit with a national overnight courier service for next-day delivery, or (c) five (5) Business Day after deposit with the United States Postal Service, registered or certified mail (return receipt requested), postage prepaid.

Section 11.2Schedules and Exhibits. The Schedules and Exhibits are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full herein.

Section 11.3Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, directly or indirectly, including by operation of law, by any Party without the prior written consent of the other Parties; provided, however, that the Purchaser may, without the consent of the Sellers, (a) assign any or all of its rights and interests hereunder to one or more of its Affiliates (in which case, the Purchaser nonetheless shall remain responsible for the performance of all of its obligations hereunder), (b) designate one or more of its Affiliates to perform its obligations hereunder (in which case, the Purchaser nonetheless shall remain responsible for the performance of all of its obligations hereunder), (c) assign this Agreement to its lenders for collateral security purposes and (d) assign this Agreement to a subsequent purchaser of all or a substantial portion of the Purchaser, the Company or the Company's assets (in which case, the Purchaser nonetheless shall remain responsible for the performance of all of its obligations hereunder).

Section 11.4Amendment; Modification. This Agreement may be amended, modified, or supplemented at any time only by written agreement of all Parties hereto.

Section 11.5Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of California (regardless of the Laws that might otherwise govern under applicable principles of conflicts of laws thereof) as to all matters, including matters of validity, construction, effect, performance, and remedies.

Section 11.6Captions. The titles, captions and table of contents contained herein are inserted herein only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 11.7Consent to Jurisdiction, Etc. Each Party hereby irrevocably consents and agrees that any Legal Dispute shall be brought only to the exclusive jurisdiction of the state or federal courts of or located in San Diego County, State of California, and each Party hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding that is brought in any such court has been brought in an inconvenient forum. During the period a Legal Dispute is pending before a court, all actions, suits, or proceedings with respect to such Legal Dispute or any other Legal Dispute, including any counterclaim, cross-claim, or interpleader, shall be subject to the exclusive jurisdiction of such court. Each Party hereby waives, and shall not assert as a defense in any Legal Dispute, that (a) such Party is not subject thereto, (b) such action, suit or proceeding may not be brought or is not maintainable in such court, (c) such Party's property is exempt or immune from execution, (d) such action, suit or proceeding is brought in an inconvenient forum or (e) the venue of such action, suit or proceeding is improper. A final judgment in any action, suit or proceeding described in this Section 11.7 following the expiration of any period permitted for appeal and subject

to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Laws.

Section 11.8Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of Law or public policy, all other terms, conditions, and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible, or failing the mutual agreement of the Parties, such provisions shall be modified to be enforced to the maximum extent allowed by applicable law.

Section 11.9Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute one and the same instrument. Electronic signatures transmitted via email or through the use of an electronic signature platform such as DocuSign shall be deemed to be original signatures for the purposes of executing this Agreement. Each Party agrees that the use of electronic signatures and counterparts may be relied upon in the same manner as original signatures and counterparts. The parties further agree that, when a Party's signature is executed and transmitted through the use of DocuSign or a similar electronic signature platform, such signature shall have the same force and effect as an original signature.

Section 11.10No Third-Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person other than the Parties, their successors or permitted assigns, any rights, remedies, obligations, or liabilities under or by reason of this Agreement, or result in such Person being deemed a third-party beneficiary of this Agreement.

Section 11.11Waiver. Any agreement on the part of a Party to any extension or waiver of any provision hereof shall be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by a Party of the performance of any covenant, agreement, obligation, condition, representation, or warranty shall not be construed as a waiver of any other covenant, agreement, obligation, condition, representation, or warranty. A waiver by any Party of the performance of any act shall not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 11.12Integration. This Agreement, the Schedules and Exhibits attached hereto, and the Purchaser Ancillary Documents and the Seller Ancillary Documents executed pursuant hereto supersede all negotiations, agreements, and understandings among the Parties with respect to the subject matter hereof (including that certain letter of intent dated September 18, 2024) and constitute the entire agreement among the Parties with respect hereto (and thereto).

Section 11.13Cooperation Following the Closing. Following the Closing, each Party shall deliver to the other Parties such further information and documents and shall execute and deliver to the other Parties such further instruments and agreements as any other Party shall reasonably request to consummate or confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other Party the benefits hereof.

Section 11.14Transaction Costs. Except as expressly provided herein, (a) the Purchaser shall pay its own fees, costs and expenses incurred in connection herewith and the transactions contemplated hereby, including the fees, costs and expenses of its financial advisors, accountants and counsel, and (b) the fees, costs and expenses of the Company and the Sellers incurred in connection herewith and the transactions contemplated hereby, including the fees, costs and expenses of its financial advisors, accountants and counsel, shall be paid pursuant to Section 3.1(a)(v) hereof if the Closing occurs and by the Company (or the Sellers) if the Closing does not occur.

Section 11.15Legal Representation.

(a) The Purchaser, on behalf of itself and its Affiliates (including, after the Closing, the Company) acknowledges and agrees that Clark Hill has acted as counsel for the Sellers and the Company in connection with this Agreement and the transactions contemplated hereby, and in connection with this Agreement and the transactions contemplated hereby, Clark Hill has not acted as counsel for any other Person, including the Purchaser.

(b) Only the Sellers and the Company shall be considered clients of Clark Hill in connection herewith. The Purchaser, on behalf of itself and its Affiliates (including after the Closing, the Company) acknowledges and agrees that attorney-client privilege and attorney work product protection, and the expectation of client confidence between the Sellers and the Company, on the one hand, and Clark Hill, on the other hand, in the course of this transaction (the "Protected Communication"), shall be deemed to belong solely to the Sellers and their Affiliates (other than the Company), and not to the Company, and shall not pass to or be claimed, held, or used by the Purchaser, the Company upon or after the Closing. Accordingly, the Purchaser shall not have access to the Protected Communications, whether or not the Closing occurs. Without limiting the generality of the foregoing, upon and after the Closing, (a) to the extent that the Protected Communications constitute property of the client, only the Sellers and their Affiliates (other than the Company) shall hold such property rights and (b) Clark Hill shall have no duty whatsoever to reveal or disclose any such Protected Communications to the Company or the Purchaser by reason of any attorney-client relationship between Clark Hill and the Company or otherwise; provided, however, that notwithstanding the foregoing, Clark Hill shall not disclose Protected Communications to any third parties (other than representatives of the Sellers and their Affiliates; provided, that such representatives agree or are otherwise bound by professional or regulatory confidentiality obligations that require them to maintain the confidence of such Protected Communications). If and to the extent that, at any time subsequent to Closing, the Purchaser or any of its Affiliates (including after the Closing, the Company) shall have the right to assert or waive any attorney-client privilege with respect to any communication between the Company or its Affiliates and any Person representing them that occurred at any time prior to the Closing, the Purchaser, on behalf of itself and its Affiliates (including after the Closing, the Company) shall be entitled to waive such privilege only with the prior written consent of the Sellers' representative (such consent not to be unreasonably withheld).

(c) The Purchaser, on behalf of itself and its Affiliates (including after the Closing, the Company) acknowledges and agrees that Clark Hill has acted as counsel for the Sellers, the Company and their respective Affiliates for several years and that the Sellers reasonably anticipate that Clark Hill will continue to represent them and/or their Affiliates in future matters. Accordingly, the Purchaser, on behalf of itself and its Affiliates (including after the Closing, the Company) expressly (a) consents to Clark Hill's representation of the Sellers and/or their Affiliates and/or any of their respective agents (if any of the foregoing Persons so desire) in any matter, including but not limited to any matter arising out of or related to the transactions contemplated by this Agreement and (b) consents to the disclosure by Clark Hill to the Sellers or their Affiliates of any information learned by Clark Hill in the course of its representation of the Sellers, the Company or their respective Affiliates.

(d) The Purchaser, on behalf of itself and its Affiliates (including after the Closing, the Company) further covenants and agrees that each shall not assert any claim or action against Clark Hill in respect of legal services provided to the Company or its Affiliates by Clark Hill in connection with this Agreement or the transactions contemplated hereby.

(e) From and after the Closing, the Company shall have no attorney-client relationship with Clark Hill, unless and to the extent Clark Hill is expressly engaged in writing by the Company to represent the Company after the Closing and either (a) such engagement involves no conflict of interest with respect to the Sellers and/or their Affiliates or (b) the Sellers and/or any such Affiliate, as applicable, consent in writing to such engagement. Any such representation of the Company by Clark Hill after the Closing shall not affect the foregoing provisions hereof. Furthermore, Clark Hill, in its sole discretion, shall be permitted to withdraw from representing the Company in order to represent or continue so representing the Sellers.

(f) The Sellers (on behalf of itself and on behalf of the Company) and the Purchaser consent to the arrangements in this Section 11.16.

(g) Notwithstanding the foregoing in this Section 11.16, in the event that a dispute arises between the Purchaser or the Company, on the one hand, and a Person other than any Seller or one of its Affiliates, on the other hand, after the Closing, the Purchaser and the Company, as applicable, may assert and control the attorney-client privilege with respect to the Protected Communication to prevent disclosure of the Protected Communication to such third party. Nothing in this section 11.16 shall limit, supersede or alter any Seller's confidentiality or other obligations under this Agreement or any Seller Ancillary Document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed, as of the date first above written.

PURCHASER:

CV SCIENCES, INC.

By: _____

Name: Joseph D. Dowling

Title: Chief Executive Officer

COMPANY:

EXTRACT LABS INC.

By: _____

Name: _____

Title: _____

SELLERS:

_____

CRAIG HENDERSON

HIGHER LOVE WELLNESS COMPANY, LLC

By: _____

Name: _____

Title: _____

Exhibit 1.1(a)

Form of Non-Competition Agreement

[Attached]

DOCPROPERTY "CUS_DocIDChunk0"

Exhibit 1.1(b)

Form of Lease Agreement

[Attached]

DOCPROPERTY "CUS_DocIDChunk0"

Exhibit 1.1(c)

Form of Pledge Agreement

[Attached]

DOCPROPERTY "CUS_DocIDChunk0"

AMENDMENT NO. 1
TO
STOCK PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 TO STOCK PURCHASE AGREEMENT (this "Amendment") is dated as of January 15, 2025, and is made and entered into by and among CV SCIENCES, INC., a Delaware corporation (the "Purchaser"), EXTRACT LABS INC., a Colorado corporation (the "Company"), CRAIG HENDERSON, an individual ("Henderson"), and HIGHER LOVE WELLNESS COMPANY, LLC, a Colorado limited liability company ("Higher Love" and, together with Henderson the "Sellers" and each of them, a "Seller"). The Purchaser, the Company, and each of the Sellers are sometimes individually referred to herein as a "Party" and, collectively, as the "Parties." This Amendment amends that certain Stock Purchase Agreement dated as of November 15, 2024 by and among the Parties (the "Agreement"). This Agreement is made with reference to the following facts:

WHEREAS, the Parties previously entered into the Agreement, pursuant to which the Purchaser agreed to purchase and the Sellers agreed to sell, all of the issued and outstanding shares of capital stock of the Company;

WHEREAS, the Parties now desire to amend the Agreement on the terms set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements, and conditions hereinafter set forth, and intending to be legally bound hereby, each Party hereby agrees:

1. Amendment to Section 10.1(b)(ii) of the Agreement. Section 10.1(b)(ii) of the Agreement is hereby amended to read in its entirety as follows:

"(ii) any of the conditions set forth in Section 8.4(a) shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by January 31, 2025, unless such failure shall be due to the failure of Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;"

2. Amendment to Section 10.1(c)(ii) of the Agreement. Section 10.1(c)(ii) of the Agreement is hereby amended to read in its entirety as follows:

"(ii) any of the conditions set forth in Section 8.4(b) shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by January 31, 2025, unless such failure shall be due to the failure of Sellers or the Company to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by any of them prior to the Closing;"

3.Miscellaneous.

a. *Full Force and Effect*. Except as expressly set forth herein, this Amendment does not constitute a waiver or modification of any provision of the Agreement. Except as expressly amended hereby, the Agreement shall remain in full force and effect. Any references in the Agreement to "this Agreement," "herein," "hereafter," "hereto," "hereof" and words of similar import shall, unless the context requires otherwise, mean or refer to the Agreement, as amended by this Amendment.

b. *Counterparts*. This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute one and the same instrument. Electronic signatures transmitted via email or through the use of an electronic signature platform such as DocuSign shall be deemed to be original signatures for the purposes of executing this Amendment. Each Party agrees that the use of electronic signatures and counterparts may be relied upon in the same manner as original signatures and counterparts. The parties further agree that, when a Party's signature is executed and transmitted through the use of DocuSign or a similar electronic signature platform, such signature shall have the same force and effect as an original signature.

c. *Governing Law*. This Amendment shall be governed by and construed in accordance with the laws of the State of California (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof) as to all matters, including matters of validity, construction, effect, performance, and remedies.

[*Signature page follows*]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed, as of the date first above written.

PURCHASER:
CV SCIENCES, INC.

By: _____
Name: Joseph D. Dowling
Title: Chief Executive Officer

COMPANY:
EXTRACT LABS INC.

By: _____
Name: _____
Title: _____

SELLERS:

_____
CRAIG HENDERSON

HIGHER LOVE WELLNESS COMPANY, LLC
By: _____
Name: _____
Title: _____

Exhibit 19.1

CV SCIENCES, INC.
INSIDER TRADING POLICY

This Insider Trading Policy provides the standards of CV Sciences, Inc. (the "**Company**") on trading and causing the trading of the Company's securities or securities of other publicly-traded companies while in possession of confidential information. This policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers and employees of the Company as well as independent contractors or consultants who have access to material non-public information of the Company and the second part imposes special additional trading restrictions and applies to all (i) directors of the Company, (ii) executive officers of the Company and (iii) the employees listed on Appendix A (collectively, "**Covered Persons**").

One of the principal purposes of the federal securities laws is to prohibit so-called "insider trading." Simply stated, insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company's securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is "material" and "non-public." These terms are defined in this Policy under Part I, Section 3 below. The prohibitions would apply to any director, officer or employee who buys or sells Company stock on the basis of material non-public information that he or she obtained about the Company, its customers, suppliers, or other companies with which the Company has contractual relationships or may be negotiating transactions.

PART I

1. Applicability

This Policy applies to all transactions in the Company's securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company.

This Policy applies to all employees of the Company and its subsidiaries, all officers of the Company and its subsidiaries and all members of the Company's Board of Directors. This Policy also applies to all independent contractors or consultants who have access to material non-public information of the Company (each, a "**Material IC**").

2. General Policy: No Trading or Causing Trading While in Possession of Material Non-public Information

(a)No director, officer or employee or Material IC may purchase or sell any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company. (The terms "material" and "non-public" are defined in Part I, Section 3(a) and (b) below.)

(b)No director, officer or employee or Material IC who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

(c)In addition, no director, officer or employee or Material IC may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. No director, officer or employee or Material IC who knows of any such material non- public information may communicate that information to any other person, including family and friends.

(d)For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Compliance Officer (which is defined in Part I, Section 3(c) below).

(e)Covered Persons must "pre-clear" all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

3. Definitions

(a)Materiality. Insider trading restrictions come into play only if the information you possess is "material." Materiality, however, involves a relatively low threshold. Information is generally regarded as "material" if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

(i) significant changes in the Company's prospects;

(ii) significant write-downs in assets or increases in reserves;

(iii) developments regarding significant litigation or government agency investigations;

(iv) liquidity problems;

(v) changes in earnings estimates or unusual gains or losses in major operations;

(vi) major changes in management;

(vii) changes in dividends;

(viii) extraordinary borrowings;

(ix) award or loss of a significant contract;

(x) changes in debt ratings;

(xi) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;

(xii) public offerings; and

(xiii) pending statistical reports (such as, consumer price index, money supply and retail figures, or interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, presume it is material. **If you are unsure whether information is material, you should consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.**

(b)Non-public Information. Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be

given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public.

Non-public information may include:

(i) information available to a select group of analysts or brokers or institutional investors;

(ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and

(iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two or three days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is "non-public" and treat it as confidential.

(c)Compliance Officer. The Company has appointed the Chief Financial Officer as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

(i) assisting with implementation of this Policy;

(ii) circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;

(iii) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below; and

(iv) providing approval of any transactions under Part II, Section 4 below.

4. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a)Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material non-public information can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material non-public information. Tippers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipper did not profit from the transaction.

The SEC can also seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel. These control persons may be held liable for up to the greater of $1 million or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek a minimum of $1 million from a company and/or management and supervisory personnel as control persons.

(b)Company-imposed Penalties. Employees who violate this Policy may be subject to

disciplinary action by the Company, including dismissal for cause. Any exceptions to the Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place.

PART II

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company's securities during blackout periods.

(a)Quarterly Blackout Periods. Trading in the Company's securities is prohibited ten (10) calendar days prior to the end of the fiscal quarter, which the Compliance Officer will announce via email, and ending at the close of business on the day following the date the Company's financial results are publicly disclosed and Form 10-Q or Form 10-K is filed. During these periods, Covered Persons generally possess or are presumed to possess material non-public information about the Company's financial results.

(b)Other Blackout Periods. From time to time, other types of material non-public information regarding the Company (such as negotiation of mergers, acquisitions or dispositions or new product developments) may be pending and not be publicly disclosed. While such material non-public information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.

2. Trading Window

Covered Persons are permitted to trade in the Company's securities when no blackout period is in effect. Generally this means that Covered Persons can trade during the period beginning on the day that the blackout period under Section 1(a) ends and ending on the day that the next blackout period under Section 1(a) begins. However, even during this trading window, a Covered Person who is in possession of any material non-public information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

3. Pre-clearance of Securities Transactions

(a)Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first pre-clearing all transactions in the Company's securities.

(b)Subject to the exemption in subsection (d) below, no Covered Person may, directly or indirectly, purchase or sell any Company security at any time without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control.

(c)The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading three business days following the day on which it was granted. If the transaction does not occur during the three business-day period, pre-clearance of the transaction must be re-requested.

(d)Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting

transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

4. Prohibited Transactions

(a)Directors and executive officers of the Company are prohibited from, trading in the Company's equity securities during a blackout period imposed under an "individual account" retirement or pension plan of the Company, during which at least 50% of the plan participants are unable to purchase, sell or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.

(b)A Covered Person, including such person's spouse, other persons living in such person's household and minor children and entities over which such person exercises control, is prohibited from engaging in the following transactions in the Company's securities unless advance approval is obtained from the Compliance Officer:

(i) Short-term trading. Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;

(ii) Short sales. Covered Persons may not sell the Company's securities short;

(iii) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company's securities;

(iv) Trading on margin. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and

(v) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

5. Limited Exceptions. The following are certain limited exceptions to the restrictions imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, you may need to comply with the "short-swing" trading restrictions under Section 16 of the Exchange Act, to the extent applicable. You are responsible for complying with applicable law at all times.

(a)Qualified 10b5-1 Plans. The trading restrictions under this Policy do not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 (an "**Approved 10b5-1 Plan**") that:

(i) has been reviewed and approved at least one month in advance of any trades thereunder by the Compliance Officer (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Compliance Officer at least one month in advance of any subsequent trades);

(ii) was entered into in good faith by the Covered Person at a time when the Covered Person was not in possession of material non-public information about the Company; and

(iii) gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material non-public information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

(b)Receipt and vesting of stock options, restricted stock, restricted stock units and stock

appreciation rights. The trading restrictions under this Policy do not apply to the acceptance or purchase of stock options, restricted stock, restricted stock units or stock appreciation rights issued or offered by the Company. The trading restrictions under this Policy also do not apply to the vesting, cancellation or forfeiture of stock options, restricted stock, restricted stock units or stock appreciation rights in accordance with applicable plans and agreements.

(c)Exercise of stock options; settlement of restricted stock units. The trading restrictions under this Policy do not apply to the exercise of stock options for cash or the settlement of restricted stock units under the Company's equity incentive plans. Likewise, the trading restrictions under this Policy do not apply to the exercise of stock options in a stock-for-stock exercise with the Company or an election to have the Company withhold securities to cover tax obligations in connection with an option exercise or settlement of restricted stock units. However, the trading restrictions under this Policy do apply to (i) the sale of any securities issued upon the exercise of a stock option or settlement of a restricted stock unit, (ii) a cashless exercise of a stock option through a broker, since this involves selling a portion of the underlying shares to cover the costs of exercise, and (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

(d)Certain 401(k) plan transactions. The trading restrictions in this Policy do not apply to purchases of Company stock in any Company 401(k) plan, as applicable, resulting from periodic contributions to such plan based on your payroll contribution election. The trading restrictions do apply, however, to elections you make under any Company 401(k) plan to (i) increase or decrease the percentage of your contributions that will be allocated to a Company stock fund, (ii) move balances into or out of a Company stock fund, (iii) borrow money against any 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance, and (iv) pre-pay a plan loan if the pre- payment will result in the allocation of loan proceeds to a Company stock fund.

(e)Stock splits, stock dividends and similar transactions. The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

(f) *Bona fide* gifts and inheritance. The trading restrictions under this Policy do not apply to *bona fide* gifts involving Company securities or transfers by will or the laws of descent and distribution.

(g)Change in form of ownership. Transactions that involve merely a change in the form in which you own securities are permissible. For example, you may transfer shares to an *inter vivos* trust of which you are the sole beneficiary during your lifetime.

(h)Other exceptions. Any other exception from this Policy must be approved by the Compliance Officer, in consultation with the Board of Directors or an independent committee of the Board of Directors, and legal counsel.

6. Acknowledgment and Certification

All Covered Persons are required to sign the attached acknowledgment and certification.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information.

_____
(Signature)

(Please print name)

Date: _____

APPENDIX A

Covered Persons

Exhibit 21.1

List of Subsidiaries

Domestic Entities	Jurisdiction of Formation
Elevated Softgels LLC	Delaware
Star Sky Foods, LLC	Delaware

Foreign Entity	Jurisdiction of Formation
Cultured Foods Sp. z.o.o.	Poland

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-199173) of CV Sciences, Inc. (the "Company") of our report dated March 27, 2025, relating to our audits of the Company's consolidated financial statements as of December 31, 2024 and 2023, and for each of the years then ended, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, which report includes an explanatory paragraph expressing substantial doubt regarding the Company's ability to continue as a going concern.

/s/ HASKELL & WHITE LLP

HASKELL & WHITE LLP

Irvine, California
March 27, 2025

Exhibit 31.1

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

I, Joseph D. Dowling, Chief Executive Officer of CV Sciences, Inc. (the "Company") certify that:

1. I have reviewed this Annual Report on Form 10-K of the Company;

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

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

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

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

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

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

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

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

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

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

Dated: March 27, 2025

By: /s/ Joseph D. Dowling

Joseph D. Dowling
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Joerg Grasser, Chief Financial Officer of CV Sciences, Inc. (the "Company") certify that:

1. I have reviewed this Annual Report on Form 10-K of the Company;

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

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

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

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

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

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

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

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

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

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

Dated: March 27, 2025

By: /s/ Joerg Grasser

Joerg Grasser
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report of CV Sciences, Inc. (the "Registrant") on Form 10-K for the year ended December 31, 2024 (the "Report"), I, Joseph D. Dowling, Chief Executive Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: March 27, 2025

By: /s/ Joseph D. Dowling

Joseph D. Dowling
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Annual Report of CV Sciences, Inc. (the "Registrant") on Form 10-K for the year ended December 31, 2024 (the "Report"), I, Joerg Grasser, Chief Financial Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: March 27, 2025

By: /s/ Joerg Grasser

Joerg Grasser
Chief Financial Officer
(Principal Financial Officer)